The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Warlords Strangle Settlement, Threaten to Take Over

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SATURDAY, JANUARY 8, 1938 VOLUME 83, NUMBER 6

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In re.
THE ESTATE
of
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Deceased

Cause No. 4283
Special Proceedings No. 2162
NOTICE
Filed at Shanghai, China, December 16, 1937.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HENRY S. DE VAULT, deceased, to present the same with vouchers to the undersigned on or before June 25, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Mrs. Anne G. De Vault,
Room 608—51 Canton Road,
Shanghai, China.

Shanghai, China.

密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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U. S. WEST COAST SHIPPING INQUIRY OF VITAL INTEREST HERE

AMERICAN and Chinese and other commercial interests here should be keenly interested in the inquiries and conferences now being held in San Francisco by the United States Maritime Commissioner, Joseph P. Kennedy. The *United Press* report published in the local papers on Tuesday stated that among other things, Mr. Kennedy would investigate the condition of the Dollar Steamship Company.

That statement should interest Shanghai because this important port hasn't seen a President liner for many weeks—since Chinese bombers mistook the *Hoover* for a Japanese army transport. But later events have proved that it probably would have been safer had the *Hoover* continued on this route for the ship is now stranded on a rock off the southern Formosan coast in imminent danger of becoming a complete wreck.

The press report stated that Mr. Kennedy probably would investigate the entire Pacific maritime situation; hence it might be a good idea if local American organizations, particularly the Chamber of Commerce, would inform Mr. Kennedy regarding prevailing ideas on this side of the Pacific.

But of greatest interest here was the reference to the Dollar Company, object of innumerable rumors in recent weeks. That conditions surrounding the Dollar Company have not been favorable for many months is no secret here. The complications began when the Administration withdrew the government subsidies previously extended to shipping lines in the form of liberal mail contracts and announced its intention of extending direct subsidies based on the difference in cost of operation of American lines, which conform to the regulations of the Maritime Commission, and the costs of operations of foreign competing lines. Some idea of the extent of this difference in costs was provided by an article in *The China Press* a few days ago stating that minimum wages for members of the American

crew on an American ship was U.S. $65 a month while the minimum pay of a Japanese seaman on a Nippon Yusen Kaisha liner is only U.S. $7 a month. It was also shown that repairs on American ships in American ports are 200 percent higher than when the work is done in Oriental ports.

Some idea of the Dollar Company's losses under the new regulations was indicated in the report that the Company has instituted suit against the Government for U.S. $5,000,000 for abrogated mail contracts.

What the outcome of the present inquiry will be will not be known for several weeks, but a summary of the entire American shipping situation published in the November 13 issue of *Business Week* indicated that the future of the Dollar Company "depended upon its success in effecting reorganization, merger or recapitalization now under consideration." The belief was expressed that the routes covered by the Dollar Company's fourteen trans-Pacific and round-the-world steamers could be restored to a satisfactory working basis.

Aside from the reference to the cargo-passenger shipping situation the *U. P.* report stated that Mr. Kennedy might also inquire into Pacific naval defenses and the military situation from the viewpoint of the U. S. Pacific Coast and Oriental naval situation, due to the intimate connection existing between commercial shipping and future naval development.

With reference to the naval situation, developments in the Far East and world generally appear to have made President Roosevelt and Administration leaders generally aware of the urgent necessity of embarking upon an armament construction program, the like of which the American Government has not experienced since the stirring days of American participation in the World War. The reports published in the local newspapers since the first of the Year have referred to the American program as outlined in President Roosevelt's statements as the "greatest peacetime military and naval program in the history of the United States." It was stated that America's answer to the challenge of troubled times over the world, including such incidents as the Panay bombing, was an increased determination to push preparedness in all fields. America's answer was expected to be an appropriation by Congress of more than U.S. $1,000,000,000 for the Army and Navy. Naval estimates to be submitted to Congress amounted to U.S. $576,000,000 while army estimates exceeded U.S. $500,000,000. Aside from the tremendous expansion of army and naval aviation facilities on the West Coast and at Honolulu, there was special interest here in the construction of a number of bases on the Alaskan coast.

A report through the French *Havas Service* stated that if hostilities broke out tomorrow, the United States could immediately command 300,000 men and thirty days later 500,000. Within four months the country could place in the field 1,230,000 men. At the time of America's entrance into the World War it was only able to mobilize and equip 550,000 men after the first four months.

Aside from the armament element there was also deep local interest in President Roosevelt's reference to world conditions and his statement that it was the responsibility of the nation "to become strong enough to assure observance of those fundamentals of peaceful solutions of conflicts which are the ultimate basis of an orderly existence." Continuing, he declared,

"Despite the determination of this nation for peace, it has become clear that the acts and policies of nations in other parts of the world have farreaching effects not only on their neighbours but also on us," the President pointed out.

"I am thankful that I can tell you the nation is at peace ..It has been kept at peace despite provocations which in other days, because of their seriousness, could have engendered war.

"The people of the United States and the Government of the United States have shown a capacity for restraint and a civilized approach to the purposes of peace while at the same time we maintain the integrity and inherent sovereignty of 130,000,000 people lest we weaken and destroy our influence for peace and jeopardize that sovereignty itself.

"It is our traditional policy to live in peace with other nations.. but in a world of high tension and disorder and in a world where stable civilization is actually threatened, it becomes the responsibility of each nation ..to be strong enough to assure observance of those fundamentals of peaceful solutions of conflicts which are the only ultimate basis of orderly existence.

"We propose to observe as in the past our own treaty obligations, but we cannot be certain of reciprocity on the part of others who disregard treaty obligations which seems followed on the surface by a trend away from the democratic and representative form of government.

"It would seem, therefore, that world peace through international agreements is most safe in the hands of democratic representative governments or, in other words, peace is most greatly joepardized in and by those nations where democracy has been discarded or never developed."

Chinese Reported to Be Building Road to Burma for Arms Import

Arms and ammunition are being sent to China by three routes, according to Japanese despatches received in Tokyo Jan. 4. These are, it is stated, firstly, via Sinkiang and Kansu Provinces from the Soviet Union, secondly, via French Indo-China and Yunnan Province, and thirdly, via Hongkong and Canton. Information from Yunnan Province, the despatches add, show that the Chinese National Government is planning to add another route by building a road between Burma and Yunnan.

The new route starts at Myitkyina, the northern terminus of the Burman Railway, which will be connected with a new road now being built between Myitkyina and Kunming in Yunnan Province.

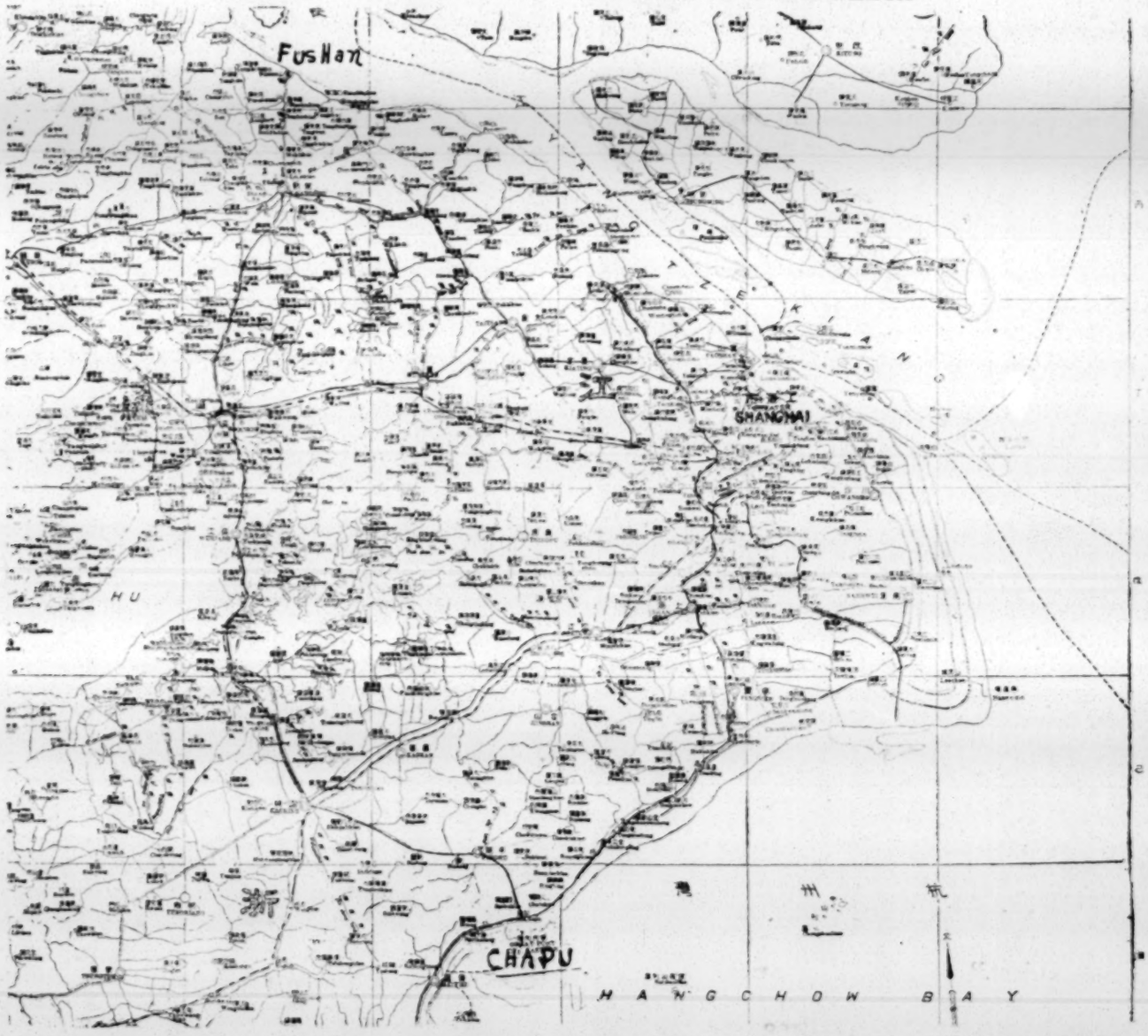
The new road is reported to be almost completed except for the bridges between Myitkyina, in Burma, and Tali, in Yunnan.

The new route shortens the time of transportation from Europe by three days compared with that by the Hongkong-Canton route.

Japanese Army Holds Vast Devastated Section of China But Lacks Funds for Reconstruction

THE customary New Year's messages of Japanese officialdom, usually of a platitudinous nature, this year were of unusual significance because of the emphasis placed upon repeated Japan's regret for recent incidents on the Yangtse, which involved Japan in serious complications with the United States and Great Britain, and expressed the growing alarm of the

JAPAN HAS SPECIAL PLANS FOR THE YANGTSZE DELTA



According to reports in the Japanese newspapers, the Japanese Army intends to create special district embracing the densely populated area to the east of a line connecting Chapu on Hangchow Bay with Fushan on the Yangtsze, the line passing to the east of Lake Taihu. But the territory is now largely devastated and depopulated as a result of Japanese territoristic activities.

two vital phases of Japan's military activities: China's alleged drift toward a closer affiliation with Russia and Japan's growing alarm at the failure of the rest of the world to understand Japan's war aims.

General Gen Sugiyama, War Minister, even used the term Japan's "sacred war in China" in his New Year declaration. The Premier, Prince Fumimaro Konoe, in his New Year's statement Japanese nation over anti-Japanese sentiment which is spreading throughout the world. He said the present attitude of Occidental nations was resulting in assistance to China and restraint on Japan, and forecasted that the year 1938 would exceed the significance to Japan of the Meiji Restoration and the Russo-Japanese War. He deplored the inability of other nations "to see straight" and understand Japan's war motives.

He hoped that other countries would not be carried away by misrepresentation of Japan's real intentions which were to save China from bolshevism. He charged that the Chinese Government, since the fall of Nanking, had become a weapon in the hands of the Communist Party. Finally he expressed the belief that if Japan succeeded in uprooting China's resistance that a "new China, prosperous and active, would be born.

Echoing the anti-Communist refrain the heads of the Japanese fighting services issued somewhat similar declarations. General Gen Sugiyama, War Minister, decried universal materialism and egotism which he believed were largely responsible for the failure of the world to understand Japan's "sacred war" which is being waged on China. He said that Japan's grave mission was to stabilize peace in the Orient, hence Japan must overcome unflinchingly every difficulty that might hinder the attainment of her aim. He concluded by urging the Japanese people to strive for enhancement of the imperial prestige by resolving to surmount all difficulties with patience and perseverance.

Admiral Mitsumasa Yonai, Minister of Navy, also emphasized the importance of enhancing imperial prestige by surmounting all difficulties of the China campaign. The entire "incident" was brought about by the Chinese military cliques which had adopted pro-Communist policies which were an affront to Japan. He concluded with the statement "we have left nothing undone in our preparations for any emergency and are determined to perform our duty in protecting the country and setting at rest the Emperor's anxiety over the situation."

Also of particular interest was a statement by Koki Hirota, Foreign Minister, who expressed special anxiety over Japan's relations with Great Britain. He hoped that Great Britain would understand Japan's stand and place reliance upon Japan's "professed intention to prevent bolshevisation of the Far East and maintain peace in the Orient."

These declarations by Japan's political leaders were revealing because they indicated deep apprehension at the present drift of affairs, both in China and internationally. Any hope which Japanese leaders may have held that they would be able to take over China as a going concern, somewhat as they did with Manchuria in 1931, has now been dashed to the ground. Owing to the withdrawal of Chang Hsueh-liang's forces the Japanese occupied China's Northeastern provinces with little or no dislocation of administrative functions. In South Manchuria the Japanese were already well established through their economic control centered in the South Manchuria Railroad. The Japanese thus were able to take over the administration, either directly or through the appointment of Chinese puppets to positions previously held by appointees of the ousted Chinese rulers.

But the Japanese militarists were unable to follow a similar procedure south of the Great Wall. Here the situation has degenerated into a devastating war of destruction and a competitive test in national endurance. While North China escaped much of the destruction which accompanied Japanese military activities further south, there were however, developments in the North which had an even more profound effect upon Japanese psychology. Of these developments the most distubing was the so-called "Tungchow incident" involving the massacre of some 220 Japanese and Koreans by a supposedly friendly Chinese puppet government and Japanese trained Chinese military forces which were being prepared for fighting the Chinese red troops in the Northwest. As a result of the shock produced by this incident, Japan was compelled to withdraw practically all of her subjects from Chinese territory, resulting in an almost complete breakdown long established commercial enterprises in this country.

There is no disputing the success of Japan's military campaign. Up to the present, Japan's army has been completely successful although the campaign has not gone over as quickly as expected. Within a period of half a year, the Japanese find themselves in occupation of more than 700,000 square miles of Chinese territory extending from the Great Wall southward to the Yangtsze and beyond and westward from the Yellow Sea to the semi-arid steppes of Mongolia and Sinkiang. Even Shansi Province regarded by Chinese war lords as impregnable fell before the might of the Imperial Japanese forces. The Japanese army was able to accomplish its great adventure as a result of long prepared and carefully rehearsed plans developed over a period of practically a quarter of a century. An example of this was provided in Japan's campaign into the hinterland of Shanghai resulting in the occupation of Nanking, 150 miles to northwest, and the city of Hangchow, capital of Chekiang, located approximately 100 miles southwest of Shanghai. The Japanese army showed itself to be more familiar with Chinese terrain than Chinese generals who had lived in the country all their lives. The Chinese defenders of Nanking were astonished to see Japanese fishing boats brought here from the Inland Sea which had negotiated China's intricate system of canals extending all the way from Hangchow Bay northward to the Yangtsze.

But the occupation of this vast territory is likely to prove Japan's death knell because of the impossibility of deriving any revenue from it to offset the enormous expense which is literally bleeding Japan white. Japan's carfully husbanded resources of money and war materials are being rapidly dissipated. The destructiveness and viciousness of Japan's military campaign has eliminated formidable armed opposition and has put Japan in possession of a vast territory which, however, appears as though it had been struck by a devastating hurricane. Lucky indeed has been the Chinese town or village which escaped destruction by Japanese air bombers. In some cities where there was a minimum of destruction, the population fled nevertheless. For example, the city of Soochow, an

ancient, conservative metropolis of some 250,000 to 300,000 people only had about 500 persons inside the wall when the Japanese troops arrived. Few have since returned. Hangchow practically duplicated the example of Soochow although about 100,000 out of a normal population of 300,000 remained in the Chekiang capital. Late reports from Shantung where the Japanese campaign is still in progress, the normal population of Tsingtao, 300,000, has been reduced to less than 50,000. The Japanese thus find themselves in possession of large tracts of territory wherein most of the physical properties have been destroyed and the people driven away. The countryside about Shanghai presents the best example of a general situation. Recent lifting of restrictions on travel in the outlying areas by the Japanese army has revealed a startling situation. Typical is the picture of a Japanese soldier holding his bayoneted rifle and standing on a pile of wreckage which once was a Chinese dwelling or industrial establishment. Literally there are many square miles of territory where little has been left standing excepting a few buildings where foreign flags provided some little protection. But even these foreign factories are empty and no smoke has come from their chimneys for many weeks. Most Japanese buildings, particularly factory buildings which escaped destruction are serving as barracks for Japanese troops. An American, who made a tour of the Japanese occupied area in Hongkew and Yangtszepoo reported that aside from a gang of Chinese laborers numbering about 500 who were prisoners of the Japanese, he did not observe more than 50 Chinese civilians in the entire territory and these were farmers who were trying to salvage something from their long neglected and devastated cotton fields. Miles and miles of Chinese cotton plantations extending from the borders of the Yangtszepoo district to Woosung and the Yangtsze, have never been harvested and the plants are standing stark with their unpicked cotton bolls hanging in the wind or scattered about on the ground.

The story of the destruction in Shantung province where Japan's campaign of occupation is still in process is even worse than that of Shanghai so far as Japanese owned property was concerned. The Japanese laid the foundations for their extensive investments in Shantung province by seizing German interests in that province at the beginning of the World War in 1914. As there was no interference from the outside and little or no Chinese resistance, the Japanese took over the German properties and operated them as going concerns, the properties including railways and mines, a few industrial plants and the modern city of Tsingtao. Upon this foundation the Japanese developed a cotton milling industry in Shantung Province that embraced about 62% of Japan's total investment in China. This investment, in the Kiaochow Bay district consisting of cotton mills valued at more than Yen 300,000,000 (approximately U. S. $100,000,000) was converted into a huge bonfire when the evacuating Chinese authorities dynamited and burned the entire establishment. Later reports stated that Chinese destruction of Japanese property in Shantung included retail establishments and extensive mining and other industrial properties throughout the province.

Even in cities where there was no Japanese investment, property destruction by Japanese air-bombers or incidental to the occupation constitutes serious handicap to Japan's future activities.

In many respects, the situation prevailing in the Japanese occupied territory of China resembles the destruction wrought in Tokyo and Yokohama by the devastating earthquake in 1923. In that case, however, the Japanese Government was able to reconstruct its cities through assistance rendered by outside agents, chiefly loans from the United States. In addition, and this was of vital importance, American relief agencies actually donated to the Japanese sums of money exceeding G. $10,000,000. But in the present situation facing Japan in China, there is little or no chance of outside help and since Japan is unable to provide capital for reconstruction purposes, the situation has degenerated into a deadlock with little prospect of a solution forthcoming from any quarter. There also are signs of degeneration and dissension within the Japanese camp. Witness the recent resignation of Yosuke Matsuoka, President of the South Manchurian Railroad, because of a squabble which developed over the attempt of the South Manchuria Railroad to monopolize railway operations and mineral development projects in North China.

JAPANESE STRANGLE SETTLEMENT, THREATEN TO TAKE OVER

THERE are no new elements in the latest Japanese demand for control of the International Settlement —excepting the fact that the Japanese now have an army here. Previously when they demanded more members on the Municipal Council, they were not in a position to enforce their demands by force of arms. It remains to be seen whether they would dare to use their army for this purpose even now!

The latest demands, presented by an imposing array of official representatives of the Japanese Army, Navy and Foreign Office, followed the recent bombing incidents resulting in injuries to Japanese soldiers and slight damage to Japanese properties. All of the bombs were of the cigarette-tin variety, somewhat more dangerous than firecrackers, but usually not fatal in their effects. Obviously they were made by amateurs and thrown by amateurs. That they constituted evidence of anti-Japanese sentiment on the part of individuals among the million and more Chinese residing here, is not a subject for argument. Of course the Chinese are anti-Japanese and they will continue that way until the Japanese change their policies.

The present Japanese demands come at a particularly bad time for the local Municipal Government—which is practically bankrupt—due to complications for which the Japanese have been solely responsible. For nearly a half year the Settlement authorities have been unable to collect taxes and other revenues in the area "north of the creek," previously the Council's chief source of revenue. Since the withdrawal of the Chinese forces and the establishment of Japanese control in the surrounding areas the Settlement has been subjected to a process of strangulation which has been diabolic in its ramifications. For example there are between 300,000 and 500,000 tons of coal belonging to foreign and Chinese companies stored in the Pootung and Nantao areas. In ordinary times this coal is transported across the river to the consumers on this side at a rate of less than $1 (equal to U. S. 30-cents) a ton. Today it costs most than $7 a ton to move the coal.

Unfortunately coal is but one item of a long list of things which the Japanese are trying to keep out of the Settlement—except at a terrific price. It might pay the Tokyo authorities to launch an investigation here and see who is getting the graft.

To get back to the Japanese demands, no one disputes the fact that the Japanese are entitled to greater participation in Settlement affairs—but these demands should not be granted to Japanese who are holding guns in their hands. If the Japanese intend to occupy the foreign administered areas by force, let them do it; in fact compel them to do it that way. But by all means don't submit to bluff!

The Japanese should be told in plain, simple and strong terms that before they can have a larger voice in

affairs on this side of the creek, they should hand back to the Settlement authorities the administration of the areas now controlled by the Japanese army in Hongkew and Yangtszepoo. Also, the Japanese should be told to eliminate their racketeering gangsters who are withholding merchandise, except at a price which would make a Chicago racketeer green with envy.

Then it might be possible for the Settlement authorities to discuss Japanese participation in Settlement affairs generally, but even then nothing should be done that would be contrary to the treaty relations of the Powers with China, temporarily out of the picture, but to be reckoned with in the not distant future, as the Japanese realize all too well!

PEACE TERMS, BOMBS, PUPPETS— NANKING REORGANIZATION

DEVELOPMENTS of national and international significance occurred in the politico-military situation in China immediately after the New Year.

In China, the reorganization of the National Government was undoubtedly a very significant event, as it served to make definite China's determination to continue armed resistance against Japan. The changes in the composition of the Executive Yuan were expected to increase the efficiency of the Government and thus better enable it to cope with the crisis. In order to concentrate on the military angle, General Chiang Kai-shek relinquished the Presidency of the Executive Yuan, while Dr. H. H. Kung Finance Minister was appointed to the position, with Gen. Chang Chun, former Foreign Minister as Vice-President. Although there was little change in the personnel of the reorganized government, the readjustment of positions and responsibilities indicated that the Government was preparing for prolonged warfare.

Internationally, another attempt at mediation was made by Germany. A dispatch from Hankow said Germany was handing China a six-point Japanese peace offer, to the following effect:

1. Signing of an economic agreement giving Japan participation in national resources, Chinese Maritime Customs, aviation and other transport and communication means.
2. Adherence of China with Japan and Manchukuo to the Anti-Comintern Pact.
3. The stationing of permanent Japanese garrisons in China.
4. Formation of demilitarized zones in regions specified by Japan.
5. Formation of an independent Inner-Mongolian Government.
6. Payment of war indemnities by China.

Whether these terms were officially submitted to the Chinese Government, could not be ascertained, but reactions from official and unofficial quarters, indicated that their acceptance by China was out of the question.

Meanwhile, considerable interest was aroused by the statement of General Iwane Matsui to a Japanese newspaper that Japan has no territorial ambitions and would like to give the Chinese Government time to reconsider its "anti-Japanese" policy. Hankow expressed the view that China naturally wanted to stop the war if peace could be honorably achieved. Leaders declared that unless Japan respects China's territorial and administrative integrity, no peace is possible.

The *Ta Kung Pao* (Dec. 31) said the real intention of Gen. Matsui in making the statement was to coax China to follow the footsteps of the Japan-fostered "Manchukuo." In other words, he wished to see China repudiate her own independence and only then would China not be considered anti-Japanese. Knowing that it is futile to expect Japan to retrace her steps the journal urged the Chinese people to set their hearts and minds resolutely to the task of resisting aggression, recovering lost territory and safeguarding China's independence.

Locally, developments were marked by tragedy and terrorism. For several days before the end of the year, a movement was on foot among certain Chinese to form an organization with the announced object of repatriating war refugees and reviving industrial activity in and around Shanghai. The promoters of the scheme were leading Chinese businessmen and industrialists, some of those mentioned in the papers being:

T. K. Yung, General Manager of the Sung Sing and Foh Sing Cotton and Flour Mills.

Ku Hsin-yi, Chairman of the Foodstuffs Guild of Shanghai.

Yao Mou-lien, Manager of the Shanghai Water-Works.

Wang Ping-yien, Director of the Pei Wei Corps of Chapei.

Chow Wen-shun, compradore of a certain foreign bank.

Loh Pa-hung, noted adherent of the Catholic Church in Shanghai, manager of the (Chinese) Chapei Water-Works and of the Chinese Electric Works.

Feng Ping-nan, well-known local Cantonese merchant.

The promoters announced the formation of a so-called "Shanghai Citizens' Federation" at a meeting held at the Women's Commercial & Savings Bank, Nanking Road. Immediately the new organization met with vigorous opposition and was denounced by the various Chinese public bodies, particularly the Chinese Civic, cultural and Professional Organization of Greater Shanghai. It was branded as a "Japanese tool" and the organizers as "running dogs of Japanese imperialism."

On Dec. 30, Loh Pa-hung, who was to serve as chairman of the Standing Committee was assassinated in the French Concession. While the motive has not yet been ascertained, it was generally believed to be political.

On Dec. 31, *The China Press* published an interview with T. K. Yung, a leading industrialist and also a leading member of the organization. In the course of the interview, Mr. Yung remarked: "China is virtually a nation without a government; in times such as this it requires fearless action on the part of citizens to reduce want and suffering." Mr. Yung contended that philanthrophy was the chief and only object of the organization, which was entirely non-political in nature. He further stated that the promoters had made no attempt to obtain approval from the Chinese authorities in Hankow, explaining "You can not ride on a two-headed horse and still expect to get anywhere." Yao Mou-lien and Wang Ping-yien, two other members, expressed similar views, stating that consent of the Chinese authorities in the formation of the federation was "unnecessary."

These remarks in Mr. Yung's interview provoked a storm in Chinese circles and a "correction" was published the following day, saying that he referred only to the absence of Chinese administrative organs in Shanghai. The assassination of Loh Pa-hung and unfavorable Chinese reaction to Mr. Yung's interview, coupled with the discovery of a bomb at the door of the home of Ku Hsin-yi apparently greatly dampened the enthusiasm of the promoters of the organization. Some inserted notices in the papers, repudiating their connection with the proposed organization. Consequently, the scheme is now in abeyance and may be dropped entirely.

According to Japanese reports, an "Autonomous Commission" has been formed in Nanking, it being alleged that Tsao Ju-lin and Li Shih-hao, two prominent members of the old Anfu Clique, had arrived at Shanghai from Peiping for the purpose of promoting the organization of "Autonomous Regimes" in Chekiang and Kiangsu provinces.

H. C. H.

Britain and China Prepare as Japanese Seize South China Coast Islands

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

RUMORS of imminent Japanese military intervention in South China have caused Hongkong and Canton—cradles of British trade interest in China—to prepare for emergencies. There was some excitement when news from Shanghai reported the departure from the northern city of thousands of Japanese troops for an unknown destination, believed to be South China. British officials in Hongkong are erecting five observation posts on the Colony's New Territory frontier near Shum Chun, along the Kowloon-Canton Railway, to cover crossing into Chinese territory. The posts will not be armed or manned at present and are nothing more than precautionary constructions. One will be at Lokmachau and another at the site of the Canton-New Territories link road in the Shum Chun area. This latter will be a blockhouse manned by Police to prevent indiscriminate or unauthorized use. The bridge will shortly be completed.

The Rajput Rifles, encamped in the New Territories for some weeks on routine exercise, have returned to Hongkong. These troops would be called upon for frontier work, in the event of an emergency.

No arrangement for their return to India has been made and they probably will remain in Hongkong until the next Battalion, which is normally furnished from India, arrives.

The British precaution was taken principally due to the presence of the large number of Japanese destroyers near British waters here, the wanton attacks on Chinese junks from Hongkong, the persistent attacks on the Sino-British jointly owned Kowloon-Canton railway and the occupation of many islands near Hongkong and Canton.

At this writing the following islands in the south have been occupied by the Japanese:

1. Sancian Island (otherwise known as St. John Island) which is opposite to Toishan district in southern Kwangtung;
2. Siutsun Island near Toishan;
3. Shangchun Island near Siutsun Island;
4. Hopao Island near Macao;
5. Taishan Island, south-west of the British territory near Shum Chun;
6. Chikkai Island (opposite Toishan district);
7. Waichow Island near Pakhoi;
8. Pratas Shoal (near Hongkong);
9. Kimoi Island just outside Amoy harbour.

The above list does not include many islands which were visited by the Japanese when they were searching for water and food supplies but evacuated the places after short periods. If consideration is given to these other islands the list would be much longer. For instance, small islets near Chungshan (in the Macao area) were occupied by the Japanese last week but they did not stay there long. Chinese claim that they were repulsed by the village guards. But in some cases the Japanese showed definite signs that that they intended to stay permanently as in the case of the Kimoi Island, where it is reliably stated the Japanese are spending Yen 300,000 for its development into a naval and air base. On Pratas Shoal Island a naval base is in course of construction, though serious damage was done to Japanese planes there during a recent typhoon and an air raid by Canton planes some weeks ago. On Taishan Island many Chinese houses were destroyed and the Chinese Maritime Customs people there had to flee after the entry of the Japanese. American Maryknoll missionaries on St. Johns Island were alarmed when the Japanese first occupied the place but it is now reported here that the foreign sisters and missionaries there are safe and were not molested.

REVOLUTIONARY ENTHUSIASM AT HANKOW

Chinese students (upper left) parade and demonstrate their loyalty to the Chinese Government at Hankow. The picture was taken in front of the Y.M.C.A. Lower left—Girl students also demonstrate their enthusiasm and loyalty at Hankow. On the right is a student volunteer policeman who serves the city and government without pay.

In the case of the Siutsun, Shangchun and other islands near Toishan occupied by the Japanese, the Chinese inhabitants there have evacuated en masse to the Toishan district, where thousands of such refugees have been taken care of by the Chinese authorities. Toishan is much perturbed by the presence of the Japanese marines near the place in view of its strategic importance as Toishan is on the Sunning railway which runs to other places in the Sunwui district including Kongmoon. Whether the Japanese will choose Toishan as their convenient place for landing the next one or two weeks may tell. But there is still a long distance between Toishan and Canton and if the Japanese invade southern Kwangtung it will mean the despatch of many divisions to Kwangtung alone. Competent Canton observers say that the Japanese do not at present have sufficient troops to start a new adventure in South China. Cantonese troops have proved themselves during the recent defence of Shanghai as being the most reliable troops among the Chinese contingents. So far Canton has sent only two full divisions to Shanghai and the province still has over 100,000 well armed soldiers not

(Continued on page 168)

Japanese Take Six Towns in Drive Towards Tsingtao

AS THINGS developed during this week it was a foregone conclusion that detachments of the Japanese Army would enter the German-built city of Tsingtao (frequently referred to as the city which has been Under Three Flags) in the not distant future.

Driving swiftly toward Tsingtao along the Tientsin-Pukow Railway, the highway running parallel to it, and the Tsinan-Tsingtao line, Japanese troops had captured at least six more towns by early morning of Jan. 4, a *Domei* message from Taian Jan. 4.

At the same time other columns pushing to the south extended their lines on Chinese positions.

When the Japanese infantry entered Tawenkow through the northern gate, the Chinese troops retreated southward, after setting fire to houses in the town.

Meanwhile, the Mumata detachment, which took Feicheng on Jan. 1, pushed onward and defeated the Chinese 74th Division under General Li Han-chang, numbering about 2,000 men, in the mountainous regions near Chiehshou, 28 kilometres south of Feicheng. Infantry of the same detachment also pushed back Chinese troops in an engagement near Wangchwang, about 25 kilometres southwest of Feicheng.

Still another unit of the Japanese forces, proceeding by a different route, broke through Tsingshihkwan, a mountain pass at the foot of the Taishan range, famed as China's "sacred mountain," and stormed Tsusukowchen at noon on Jan. 2. Previously these troops had occupied Poshan along the Tsingtao-Tsinan Railway.

While the Central Government is understood to take the viewpoint that the port of Tsingtao has, under the circumstances, lost much of its military significance, it is believed that General Yu Hsueh-chung, one of the Young Marshall's ablest assistants, will put up a strong fight against the Japanese when they arrive.

Gen. Yu Hsueh-chung's Troops Destroy Japanese Property

Only a small fraction of the vast Japanese property in the city and its suburbs escaped destruction at the hands of Gen. Yu Hsueh-chung's former Manchurian troops, a *Domei* message stated.

Entering the city on Dec. 17 and 18, these Manchurian soldiers immediately began to mine Japanese official establishments, schools, hospitals, water reservoirs, power plants and the telephone office. On Dec. 18, residents of Tsangkow, Szefang and other areas were ordered to evacuate their homes before nightfall. At 8 o'clock the same night, the cotton mills and other plants at Tsangkow and Szefang were blown up.

On Dec. 20, armed with dynamite, Chinese soldiers set fire to and blew up the buildings of the Tsingtao Warehousing Company, the Kiaotsi Steel Works, the Huahsiang Leather and Hide Manufacturing Company and others.

Goods stored in Japanese shops on Mukden and Liaocheng Roads were pillaged by Chinese troops, the Japanese reports alleged. The shops on Chungshan, Canton and En-hsien Roads, however, escaped damage.

On Dec. 21, the Chinese soldiers completed the work of mining the buildings of the Suzuki Cotton Yarn Reeling Company, the Tsingtao Beer Brewery, the Huahsiang Match Manufacturing Company and plants operated by the Mitsui and Mitsubishi concerns.

The city of Tsingtao was rocked by a series of explosions in the early hours of Dec. 29 when the Chinese blew up the cable heads connecting Tsingtao with Shanghai, Chefoo and Sasebo. The telegraph and wireless offices were also destroyed. Meanwhile, the flight of residents for safer places was intensified with the steady advance of the Japanese forces along the Tsinan-Tsingtao Railway.

The Mayor, Admiral Shen Hung-lieh, had issued a proclamation urging the inhabitants of Tsingtao to evacuate as soon as possible in order to avoid "unnecessary sacrifices."

Sampans Do a Thriving Business

Immediately following the dynamiting of the mills, wholesale evacuation began from Tsingtao. Every outgoing ship was filled to capacity, special guards being required for keeping evacuees off them for fear of overloading. After a boom was thrown across the entrance to the harbor, sampan men reaped a rich harvest, charging $5 and sometimes as much as $10 to take passengers out to the ships anchored in the Bay.

American Refugees Brings News from Tsingtao

Details of the chaos, wanton destruction, fires and looting in Tsingtao since Saturday, December 18, when the Japanese mills were dynamited and set afire, were brought to Shanghai by 27 American men, women and children, who evacuated from the northern resort city aboard the U.S.S. *Sacramento*, gunboat of the China patrol, which arrived here shortly before noon Dec. 30.

Due warning of the blasting of the Japanese mill properties, which were valued at Yen 300,000,000, and all the other Japanese properties in various parts of the resort city, were given by the Chinese authorities, according to H. K. Towler, who was among those who arrived aboard the *Sacramento*. Mr. Towler is connected with the Universal Leaf Tobacco Company.

Other *Sacramento* arrivals stated that the belief had been current in Tsingtao for some time that the Chinese would blow up all the Japanese mills as they feared that these would be turned into munition factories as soon as the Japanese captured the city.

Owing to the disruption of the Chinese police force in Tsingtao, foreigners of all nationalities have formed a sort of "Vigilance Committee," modeled along lines similar to that which served in California in the old gold-rush days.

Fall of Tsingtao Said Only a Matter of Time

Tsingtao's capture by Japanese troops is "only a matter of time" as a consequence of the seizure of one half of the Tsingtao-Tsinan Railway, a Tokyo message of Jan. 3 stated.

Japanese Say Chinese Troops are Retreating in Shantung on Four Routes

Chinese troops in Shantung are retreating along four lines, according to Japanese reports.

In the west, the Chinese forces were falling back from Tsinan to Tzeyang, approximately 150 kilometers to the south on Dec. 29. From Tsingtao, the retreating forces were reported to be heading for Chucheng to the southwest, from where one column was said to be continuing further to the southwest towards Linyi, while another was heading south to Chuhsien, about 70 kilometers from Chucheng. Troops were also said to be fleeing the Shantung seaport along the seacoast in the direction of Haichow.

Japanese Capture Taian on New Year's Day

Japanese columns captured Taian (Shantung province) at 1.30 p.m. Jan. 1. Taian is one of the main strategic points along the Tsinpu Railway, where Gen. Han Fu-chu, Chairman of the Shantung Provincial Government had concentrated a large force of Chinese troops.

At almost the same time as one detachment of Japanese troops was seizing Taian, another Japanese infantry column entered Feicheng, south of Tsinan.

Japanese Coal Mines Along Tsingtao-Tsinan Railway Blown Up by Chinese Troops

Various Japanese-owned coal mines in Nanting, Changkin and Fangtze, along the Tsinan-Tsingtao Railway, were blown up by Chinese troops, according to Japanese reports received in Tokyo Dec. 30.

Japanese Mines in Shantung Destroyed by Chinese

The Japanese-owned coal mines in Tszechuan, Shantung, have been destroyed by Chinese soldiers on orders of Gen. Han Fu-chu, Provincial Governor, late in November, a Chinese employee of the mine owners told Japanese authorities on his arrival in Tsinan, Jan. 4.

All Foreigners Announced Safe in Tsinan

All foreigners are safe in Tsinan, it was announced Dec. 30 by Japanese military authorities. Foreigners include 50 Germans 33 Americans, 36 Britons, 22 Czechs and two Swiss. A Peace Preservation Commission was established to maintan order in the city.

Reported Recapture of Liuhokow by Chinese

Liuhokow, the mining center in the extreme north of Honan, is reported to have been recaptured by a Chinese flying column, a *Kuo Min* message from Chengchow Jan. 2 stated.

Hankow Has Four of World's Best Anti-Aircraft Guns

Hankow, where important military and political offices are now located, is defended by four of the most powerful anti-aircraft guns in the world, according to Chinese reports. There are altogether eight of these most up-to-date aircraft guns in the world. All were manufactured by the Soviet Government.

Yin Tung Slated to Take Peking Government Post

Yin Tung, former Director of the Peking-Mukden Railway Administration, proceeded this week from Shanghai to Peiping, where he is slated to be appointed to an important position in the "Provisional Government of the Republic of China."

Japanese Bombers Set Hangars in Shensi Capital on Fire

Japanese naval aircraft raided the military airdrome at Sian, Shensi province, Dec. 29. Two hangars were hit and set on fire, while an adjoining aircraft repair shop was demolished.

Chinese Troops Reported Ready to Burn Canton

Japanese messages from Tokyo this week indicated that desperate measures were being contemplated by Kwangtung troops, who were ready to set fire to Canton, thriving trade metropolis of South China, if they should be forced to evacuate it after a Japanese attack. This statement was attributed to Gen. Yu Han-mou, Commander-in-Chief of the troops defending Kwangtung Province. He is reported to have made preparations for the removal of noncombatants from the capital in case hostilities shift to that region.

Japanese Take Full Control of C.G.R.A. Offices in Shanghai

Full control of the C. G. R. A. (Chinese Government Radio Administration), which since the withdrawal of the Chinese troops has remained in full operation under the management of George F. Shecklen, Vice-President and Representative for China of the R.C.A. Communications, Inc., (with offices in Sassoon House) was taken over by the Japanese authorities during the forenoon of January 4, following an intimation from them during the previous night that such action was about to be taken. About a dozen Japanese officials assembled at the radio offices on Nanking Road during the night, preparatory to taking over active control the following morning.

The Japanese based their action on the allegation that "they wished to prevent valuable apparatus from being taken away" by the Chinese employees.

Referring to a statement on the radio situation, a Japanese spokesman at the press conference on Jan. 4 said, "Negotiations are under way for the Japanese to take over complete control. R.C.A. Communications occupied the same status as other foreign radio concerns in China, and it is out of the question for us to negotiate with the Chinese authorities. Hence we do not regard the R.C.A. as their representatives."

When questioned on this point, George R. Shecklen replied, "There are no negotiations. The Japanese have taken it over by *force majeure*. Their censors are in the office and the Japanese have taken over the handling of the funds."

Mr. Shecklen added that as "matter of fact, a guard had been kept on the premises by the Japanese from away back, say about Nov. 27."

"To say that an attempt was made to remove valuable equipment is a definite falsehood," Mr. Shecklen said. "There was no 'attempt' and there was no 'equipment.' There was some furniture which had formerly been used in the old XQHC broadcast rooms. Japanese inspectors of the Shanghai Municipal Police and the Japanese consular authorities were given a list of this furniture and had every opportunity of looking over what was in the two vans. There was no question of any 'equipment.'"

The Japanese allegation that an attempt was made to remove "valuable equipment" was made by the Japanese Embassy spokesman in the interview on Jan. 4. The Japanese action, he said, was taken in order to forestall "serious inconvenience to the public which the removal of the equipment may have caused." The spokesman, however, declined to divulge any details regarding the attempted removal, beyond the fact that it had been reported that some of the equipment was on the point of being removed and the Japanese authorities "deemed it necessary to prevent such a removal."

The Japanese spokesman declared that the Japanese authorities have, in principle, assumed control over various Chinese communication facilities in order to guarantee the safety of their military operations, not to mention the interests of the public. The services of the C.G.R.A., he said, had been maintained under the supervision of the R.C.A. which, together with the Mackay radio network and the Italian, French, German and Japanese systems, were interested in maintaining radio services from Shanghai.

Up to Jan. 5 the Japanese had not interfered with the operation of the radio service in any way. They merely took charge of things, telling the Chinese employees to continue with their work as usual, and "they would be taken care of." The Chinese staff, after communicating with the head office of the Ministry of Communications, walked out in a body Jan. 5, thereby bringing the radio service to a standstill.

The Japanese posted a formal notice at the C.G.R.A. office, stating that Nipponese authorities were taking over control of the radio office and requesting the Chinese members of the staff to continue their work as usual.

Head Office of C. G. R. A. Transferred to Chengtu

The head office of the Chinese Government Radio Administration, formerly located in Sassoon House, was transferred middle of December to Chengtu, Szechuen, in order to be nearer the centre of telegraph communications being sent to and from China.

The Shanghai International Radio Office, in Sassoon House, in the meantime had continued to function under the management of R.C.A. Communications, Inc. The international radio-telegraph service up to this time was being carried on in a normally efficient manner from the Nanking Road installation. International telegrams were being accepted as usual, at the Jinkee Road Office in Sassoon House and at 15 Avenue Edward VII. The Mackay Radio & Telegraph Co., Inc., New York; Cable & Wireless, Ltd., London; Compagnie Radio France, Paris; as well as other telegraph administrations in Germany, Italy, Japan, U.S.S.R., French Indo-China, Netherlands India, and Hongkong, had been in close cooperation with the above-mentioned office in Sassoon House.

This picture, a panorama of the Chapei section of Shanghai was taken by an American naval officer. The large long structure on the right is the godown where the Chinese "doomed battallion" was besieged for several days following the Chinese evacuation of the Chapei area. The picture gives an excellent idea of the destruction caused by a wall of flames extending for several miles.

Main Building of Soviet Embassy at Nanking Destroyed by Fire

A fire of unknown origin destroyed the main building of the Soviet Embassy in Nanking on New Year's Day. Flames were first seen emerging from the upper part of the building at about 11 a.m. By four o'clock in the afternoon, the entire structure, rented from a Chinese general, was destroyed.

Several attempts had been made by the Japanese consular and military authorities to gain access to the Embassy following the capture of Nanking in order to verify conditions, a Japanese spokesman revealed in giving details of the conflagration. Both the front and rear gates to the compound were found locked and barred. Repeated calls failed to bring an answer, he stated. The gates were subsequently sealed and a guard posted to protect the compound, which was assumed to be vacant. However, later there were indications of occupancy as smoke was seen rising from chimneys, and there were also occasional flashes of light visible, the spokesman said. A fire on the premises the previous day had done only relatively small damage.

Japanese Stand Guard Around Soviet Embassy in Nanking

Japanese sentires in Nanking stood guard this week outside of the high-walled compound of the Soviet Embassy.

Lighting and Water Services Restored in Nanking

The *Shanghai United News* reports that public utility services were partially restored in Nanking on New Year's Day, following repairs to the waterworks and power plant, which had been damaged be Chinese troops before their retreat from Nanking.

Prominent Chinese Capitalist Assassinated in the French Concession

Loh Pa-hong, prominent resident of the French Concession, was assassinated by two gunmen whose identity has not yet been ascertained, at 2.10 p.m. Dec. 30, just as he was about to enter the home of his brother-in-law, Tsang Tseng-kia, in Avenue Dubail.

Both assassins are reported to have possessed pistols and they both opened fire. Three shots took effect in Mr. Loh's chest while two others struck him in the head. The deceased was still in his motorcar at the time of the shooting but his secretary and chauffeur both escaped unharmed. Mr. Loh died at Ste. Marie's Hospital one hour later.

Investigations by the police showed that the Catholic leader was shot at an almost point-blank range. Inside his Plymouth car were found nine cartridge cases. The window of the car was shattered by two bullets, while three nother slugs went through the ceiling. Detectives found three other bullets embedded in the right-hand door of the car.

The deceased was 64-years old, well known as a prominent Roman Catholic and philanthropist. He was the head of the Chinese Electric Power Company of Nantao, and reported to have been a member of the so-called "Shanghai Citizens' Federation," which is known to have pro-Japanese leanings.

While Mr. Loh's connection with the Federation was obscure, it was pointed out that while his name had been prominently associated with the organization, those who were close to him said he had recently declined requests to join the group. Mr. Loh, they explained, originally consented to become one of the sponsors, but later, on being told that the activities of the federation might be construed to be of a political nature, he withdrew from the body. He was stated to have been absent at several of the Federation's recent meetings. Two or three days ago, he was officially reported to be "ill."

The French police theory of the murder was that it had a political motive, although it is felt possible that the assassins might have comprised disgruntled members of the Chinese Electric Power Company's staff.

Bomb Thrown on New Year's Day Injures Five Japanese Soldiers

Five Japanese soldiers and several Chinese civilians were injured when shortly before noon on New Year's Day, when several bombs or hand grenades were thrown at a group of about 30 Japanese officers and soldiers who were proceeding leisurely on a sight-seeing tour.

Police from Louza Police Station immediately threw a cordon around the district, and started an intensive search for the attackers, combing all houses, roads and alleyways in the vicinity. In the confusion which followed the bursting of the two grenades, however, the attackers had been able to slip away through the crowds, and all efforts to trace them met with failure. The Reserve Unit stood by at Hankow Road as the police carried out their search for the persons responsible for the attack.

An escort of Japanese troops quickly arrived on the scene to escort the party back to barracks, while the wounded soldiers, and Chinese were taken by Fire Brigade Ambulances to the Lester Chinese Hospital for treatment. The four soldiers were removed about an hour and a half later by ambulance to a Japanese hospital in Hongkew. Only one was stated to be seriously wounded, and he is expected to recover.

The Japanese troops are reported to have fired several shots over the crowd as they hurriedly retreated after the grenades had burst in their midst, and took refuge in a neighboring Chinese shop.

S. M. Police Examine Suspected Members of Terrorist Gang

The Shanghai Municipal Police authorities this week examined 13 Chinese, suspected of being members of an anti-Japanese terrorist band. The men were rounded up in the French Concession following an attack by three former Chinese soldiers, armed with hand-grenades, upon a Japanese Army skiff then passing under the Chekiang Road bridge, on the morning of Dec. 28. One of the culprits was caught by policemen as he was fleeing from the scene of the attack. Information given by the man led to the apprehension of the suspects.

Crudely Constructed Bomb Found in Japanese Consul-General's Garden

A crudely constructed incendiary bomb was discovered shortly after noon on January 2 in the garden of the official residence of the Japanese Consul-General, Seymour and Weihaiwei Roads. by a Japanese consular policeman on patrol. The bomb failed to explode.

This was the first missile of its kind thrown into a Japanese official establishment since the outbrdak of hostilities, a *Domei* bulletin said. The missile consisted of glass fragments and phosphorus, packed in a "Ruby Queen" cigarette tin with a small load of explosives. The bomb was regarded by police authorities as too weak to cause bodily harm.

NEW PUPPET FLAG ON THE BORDERS OF THE SETTLEMENT

These pictures, taken at the Jessfield railway bridge and at Brenan Road in the vicinity of St. John's University, shows how the new flag of the Chinese puppet administration in Chapei is always flown in close proximity to the Japanese flag. Here they are shown on opposite sides of the road. The new flag used by the local "Ta Tao" or "Great Way" Municipal Government, consists of a yellow background with the ancient Tai-chi or yin-yang symbol which had its origin in Taoism, in the center. The symbol has a variety of meanings such as light and darkness, male and female, etc.

Admiral Hasegawa Threatens Death to Those Who Show Hostility to Japanese Army

Vice-Admiral Hasegawa, commander of the Japanese fleet in China waters, issued the following proclamation Dec. 27 addressed to the general populace in the zones occupied by Japanese troops or guarded by them: "Those who commit the offences as below specified in the Japanese-occupied zones shall be punished with death or other heavy punishment in accordance with the military regulations. But those who confess their offence before discovery shall be exempt from punishment or be given much lighter punishment than otherwise: "Hostile actions against the Japanese Army; espionage activities; inflicting danger on those belonging to the Japanese forces; causing loss to railway, telegraph, telephone, roads, bridges and waterways, etc.; injuring water service and electric light service, etc.; stealing arms and ammunitions and other goods for the use of the Japanese troops or causing loss to them; using poison or germs for the purpose of injuring the Japanese troops"; etc.

Tokyo Strengthens Control Over Business Capital

Taking steps to strengthen its control of capital, the Tokyo Finance Ministry Dec. 29 decided to compile a "capital budget" and to promulgate a new ordinance on Jan. 4 providing for regulation of private business concerns. The Finance Ministry's previous measures in this direction now are showing satisfactory results, it was announced.

According to the regulations of the new ministerial ordinance, private concerns whose capitalization exceeds Yen 500,000, or which are planning increased capitalizations over that amount during the year must submit plans of new enterprises to the Finance Ministry.

Tokyo Redeems £144,920 Worth of Sterling Bonds

Sterling bonds to the face value of £144,920 were redeemed by the Japanese Government on Jan. 1 with funds taken from the Government's sinking fund. The bonds bear an interest of 5 per cent.

Japan's Finances on Stable Basis, Says President of Bank of Japan

"Japan's financial organization is weathering the effects of the current incident smoothly and with flying colors, to our great joy," declared Toyotaro Yuki, President of the Bank of Japan, in a statement analyzing the general economic condition of the Japanese nation Dec. 29. Circulation of money at the end of the year was very satisfactory, he said.

Reciprocal Trade Exchange Provided For in Italo-Japanese Agreement

Exchange of trade on a reciprocal basis is provided in the new Italo-Japanese Trade Agreement, which will be signed soon, according to a Rome message dated Dec. 29. It was reported that arrangements have been made whereby the sum of 16,000,000 lire (about Yen 3,000,000) is to be spent annually by each country.

Farmers' Organ Changes Policy So as to Conform with "Spirit of the Times"

Mindful of the fate which befell their sister-organizations a fortnight ago, officials of the All-Japan Farmers' Union Dec. 30 decided to redraft their policies in conformance with the spirit of the times. In the future, the conferees decided, the Union will co-operate with the proletarian Social Masses Party on a platform based on opposition to the Comintern and the Front Populaire.

Chinese Indignant Over Ford Manager Buying Japanese "China Incident"

Indignation among Chinesec ircles in Hankow was exhibited following the report of the purchase of a million yen worth of Japanese "China Incident" bonds by Benjamin Kopf, manager of the Japan Ford Company, on Christmas Day. Chinese circles in Hankow branded the act as not only unfriendly toward China but also one which offered encouragement to the Japanese to repeat incidents similar to the bombing and sinking of the U.S.S. *Panay*. "I can only conceive that such action was taken as a result of pressure of authorities in Japan where Ford has large interests," one Chinese official said. Nevertheless, "we know that American public opinion is almost 100 per cent on our side," he said. "This news makes me think that perhaps the captains of industry favor Japan which possibly provides a background for Washington's reluctance to make a sharp issue over the Panay incident."

Admiral Suetsugu to Close Dance Halls in Japan Next April

In his second newsworthy move in a fortnight, Admiral Suetsugu, Japan's new ultranationalist Home Minister, revealed Dec. 29 that all dance halls in the country will be closed in April. The Admiral, once known as the "Stormy Petrel of the Navy," regards dance halls, according to his subordinates, as "a baneful influence upon the public mind, a definite threat to good morals, a menace to manners peculiarly Japan's own." The wholesale suppression of dance halls was described by Ministry officials as "a crusade to mobilize national spirit."

Japan's Reply to Britain on "Ladybird" Attack Says Perpetrators Have Been Disciplined

Disciplinary action "according to law" has been taken by the Japanese Government against all officers of land, naval and aerial forces held responsible for the attacks on British gunboats on the Yangtsze on Dec. 12, according to the text of Japan's official reply to the British Government's note protesting the incident made public Dec. 31.

Extensive investigations by the Japanese Government, the Japanese reply said, had established beyond all doubt that the attacks on the British men-of-war *Ladybird*, *Cricket*, *Bee* and *Scarab* were wholly unintentional and accidental.

As proof of their contention that the Japanese unit officers were unaware that the vessels were of British nationality, the reply cited the fact that the Japanese units immediately stopped firing when they discovered the vessels' identity.

Japanese orders to fire on Yangtsze vessels applied only to those being used for military purposes by the Chinese and it never was meant to include ships of third Powers, the note stated.

Although it had been established "positively" that the incidents were mistakes, the reply continued, in order to prevent a recurrence of such events, the Japanese Government had "dealt properly" with all those responsible.

This disciplinary action was taken on the ground that the units involved had failed to exercise precautions to the fullest extent.

The reply reaffirmed the statement contained in the note of Dec. 14 to the British Embassy tendering the Japanese Government's profound apologies, offers of compensation, and expressing intention to take measures to avoid a repetition of similar incidents in the future.

As a specific instance of the steps taken to preclude the recurrence of such mistakes, the reply said Japan is maintaining a closer check on the whereabouts of British nationals, and interests, and is improving facilities of communication for speedier and more effective transmission of orders to units in the field.

Japan Still Leads Britain in Cotton Textile Exports

Japan's cotton piece-goods exports in 1936 set a record of a little over 2,700,000 square yards, but the total for 1937 is not likely to reach this mark. According to investigations by the Japanese Cotton Piece-goods Guild, the total quantity shipped up to December 10 was 2,471,654,000 square yards, a drop of 43,951,000 square yards (1.7 per cent) compared with the same period in 1936. Assuming that there will be a shipment of 192,192,000 square yards during the rest of the year as in 1936, the total will be 2,663,847,000 square yards, a decrease of 43,951,000, (1.4 per cent). On the other hand, the value up to December 10 was Yen 439,685,000, nearly £32,000,000, an increase of Yen 92,669,000 (20.7 per cent) compared with the corresponding period of 1936. It is stated, however, that Japan still leads Britian in quantity.

Britain's Diplomatic Blunders, as the Japanese See Them

The *Tokyo Asahi* Dec. 11 in an editorial cited what it termed three diplomatic blunders committed by Britain recently:

First, Sanctions attempted against Italy over its conquest of Ethiopia.—It ended in profiting Ethiopia nothing and incurring the resentment of Italy into the bargain. This caused an unprecedented setback in Anglo-Italian relations. If the British Government and people had not rejected the Hoare-Laval proposal without being so intoxicated with the League of Nations ideology, probably the annihilation of Ethiopia might have been averted.

Second, Britain's miscalculations concerning the Spanish civil war.—The British Government, quick to see on which side its bread is buttered, suddenly swerved to the other side last month and sent its representatives to the Franco regime, thereby extending the Salamanca Government its virtual recognition, to the amazement of the Spanish loyalists and France and Soviet Russia.

Third, a wholly ill-advised attitude on Britain's part towards the Sino-Japanese conflict.—A culpable mistake was made by Britain in resorting to words and actions so lacking in calm judgment and fairness with the most disastrous result, so that they prolonged the wholly useless resistance of the Chinese to no purpose.

Japanese Woman Writer, Relative of Japanese Warlord, Denounces Japan

Miss Haru Matsui, described in the American papers as a distant relative of Gen. Iwane Matsui, Commander-in-Chief of the Japanese armies in China, created a sensation in New York by denouncing the militaristic policies of her own government. Speaking before the People's Congress for Democracy and Peace, a radical organization, Miss Matsui declared, "The majority of my people were dragged into the war against their will . . . . . Only a defeat of the military clique in Tokyo will make for lasting peace in the Orient."

A Chinese speaker, Dr. Yao Tsung Wu, Editor of the *Association Press*, Shanghai, also addressed the meeting. He declared that the Chinese people would not falter in their fight to beat back the invader and "no longer have we any illusions that if we yield a little the Japanese militarists will give us a chance to recuperate and rebuild."

Other speakers at the meeting included Representative Jerry J. O'Connell of Montana who denounced the Neutrality Act which he designated as a "sham." He urged an economic boycott of Japan, Italy and Germany.

U. S. Reopens Embassy Buildings at Nanking

John Moore Allison, native of Holton, Kansas, and graduate of the University of Nebraska, went to Nanking last week where he will be in charge of U. S. diplomatic affairs in that city. Mr. Allison will reopen the American Embassy buildings which were closed when the staff evacuated prior to the Japanese occupation. Mr. Allison was engaged in commercial work in China prior to joining the U. S. Consulate-General at Shanghai in 1930. He served as vice-consul and later as diplomatic secretary at Kobe, Tokyo, Dairen and Tsinan, prior to his recent transfer here. Although no official statement has been issued it is understood the American diplomatic representation in Nanking will be regarded as a branch of the U. S. Embassy which is located at the headquarters of the Chinese Government. Mr. Allison probably will have the rank of Charge d'Affaires, pending an unraveling of the diplomatic tangle resulting from Japan's military occupation of the Chinese National Capital and the Chinese action in transferring their capital to Chungking on the Upper Yangtsze. The United States now has diplomatic representation in three cities of China, Peiping, Nanking and Hankow, the Ambassador, Nelson T. Johnson, being in Hankow. Most diplomatic business, however, is probably being conducted through the office of C. E. Gauss, Consul-General at Shanghai.

Mr. J. M. Allison

Mr. Allison, who was accompanied by James Espey and A. A. McFadyen of the Shanghai Consulate, traveled to Nanking aboard the U. S. S. *Oahu*, first foreign man-of-war to return to Nanking following the Panay and Ladybird incidents. According to late reports the Oahu, instead of stopping at Nanking proceeded directly to the scene of the wrecked Panay where an attempt will be made to salvage the ship's safe which contained naval codes and other documents. Several expert divers were taken along for that purpose. It was also reported that Mr. Allison and his associates would go ashore at Wuhu and investigate conditions there prior to proceeding to Nanking.

The U. S. S. *Augusta*, Flagship of the Asiatic Fleet, will shortly proceed to Manila, but Admiral Harry E. Yarnell will remain here, making his headquarters aboard the naval yacht *Isobel* which is due here shortly from Manila.

Almost One Thousand Chinese Factories North of Creek Destroyed During Hostilities

In a report made public Jan. 4, the Shanghai Municipal Council revealed that, as a result of investigations, it had been ascertained that a total of 905 enterprises in the northern and eastern areas of Shanghai, mostly of small size and employing a total of 30,868 workers, have been totally destroyed by fire. In addition, there are possibly some 1,000 Chinese factories and workshops, including both large and small plants, whose premises have been damaged more or less seriously. Machinery in some of the larger mills has been rendered useless and must be replaced before resumption of operations.

Occupation for only some 40,000 of the 135,000 persons formerly employed in the northern and eastern areas could be provided if the remaining factories in those areas were able to operate at their former labor strength and in double shifts, the report said.

The evidence of disturbance and looting of factory premises is so great that it could be safely assumed that none of these 1,000 plants could resume operations without extensive repairs.

Virtually only the foreign-owned industry will be physically in a position to operate once the areas are thrown open to Chinese workers. Only two foreign-owned plants of any size, both of them Japanese, are known to have been completely destroyed. though many have been struck by shells and extensive repair work will be necessary in some cases.

There are sections where foreign factories are islands in a sea of destroyed Chinese enterprises, particular pains having evidently been taken not to damage foreign property. The destruction of Chinese dwellings in the vicinity of these plants adds another difficulty, that of finding adequate housing facilities for workers when operations are resumed.

Among factories almost totally destroyed are the food, drink and tobacco plants which formerly employed some 10,278 workers, the textile factories with 4,687, machinery and metal products with 6,219, clothing with 2,476, printing with 1,649, metal industry with 1,241 and woodworking factories with 792 workers.

Japanese Evacuees Return to Hongkew in Large Numbers

The Japanese newspaper *United News* reported that on Dec. 23 the population of Hongkew consisted of about 8,000 Japanese, several thousand Chinese, and 37 foreign residents. Every ship coming from Japan is bringing returning Japanese evacuees. About 4,000 Japanese remained in Shanghai throughout the hostilities.

Revised Figures on Chinese Casualties in Defence of Nanking

Authoritative quarters in Hankow dispute the figures of the Chinese casualties in the defence of Nanking contained in an official Japanese communique issued in Shanghai Dec. 29. The communique places the Chinese losses at 80,000 soldiers killed and an unknown number, believed to be great, wounded. Military circles in Hankow state that about 80,000 Chinese troops defended Nanking, of which 50,000 have been accounted for as having withdrawn to places of safety.

The Chinese estimate of the Chinese casualties, they say, is 20,000 killed and wounded.

Japanese Are Halted by Chinese Along the Wuhu-Tsingyang Highway

Japanese troops, advancing westwards along the Wuhu-Tsingyang Highway, on the southern bank of the Yangtsze River, were halted by the Chinese forces along the Shihkweiho (river) Dec. 30, according to *Kuo Min*. Heavy Chinese troop concentrations at the Fanchang-Tikiang-Nanling line have also kept the Japanese massed at the Lukiang-Shihkweichen sector from moving further south.

Japanese Warships Bring Marines to Wuhu

Several Japanese warships carrying on board more than 1,000 marines arrived at Wuhu, eastern Anhwei, from the lower reaches of the Yangtsze River Dec. 29. The marines were landed at Yukikow, the starting point of the Huainan Railway, opposite Wuhu, and Siliangshan on the northern bank of the Yangtsze.

Ministry of Interior to Be Removed to Chungking

The Ministry of Interior will be removed to Chungking, Szechuan, the present seat of the National Government, where a suitable building for its offices has already been selected, a *Kuo Min* message from Hankow Dec. 30 stated.

Gen. Iwane Matsui, Commander-in-Chief of the Imperial Japanese forces in China, proudly leads his troops in an exhibition "victory march" through the smashed iron gates and battered city wall of Nanking.

China's Implicit Faith in Her Final Victory Over Japan

BY C. Y. W. MENG 孟長詠

THE "war of resistance" which China is fighting against the Japanese has been going on for almost half a year. One of the outstanding features is, of course, the gallantry of the Chinese defenders, which won the admiration of the whole world. But there is another outstanding feature. That is: the Chinese implicit faith in her final victory over Japan.

Despite series of reverses which the Chinese forces have to suffer in face of overwhelming and highly mechanized units of the invading army when the defenders have to abandon the strategic places and to withdraw to the new line of defence, there is not the slightest sign of the abandonment or weakening of the Chinese power of resistance. On every occasion, the Chinese leaders always tell the nation that "such reverses only harden China's determination to fight to the end," and that "final victory will be ours," etc.

At the beginning of the hostilities, in his many speeches, Generalissimo Chiang Kai-shek informed the nation that "final victory will be ours." When Nanking fell into the hands of the invaders on Dec. 12, the Generalissimiao, in his lengthy manifesto to the nation, said he is still convinced that "the present situation is favorable to China," adding that "the basis of China's further success in prolonged resistance is not to be found in Nanking, nor in the big cities or municipalities but in the villages all over China and in the fixed determination of the people . . . ."

In addition to these official uterances, I have read hundreds of books and booklets written by the Chinese writers on "Resistance Must Win" together with their "reasons"!

On my way from Nanking to Hankow, I stopped at many provincial centers in Anhwei, Shantung and Honan to make personal study of the local situation. My study convinces me that the Chinese people are in good spirit, and all of them have implicit faith in their "final victory" over Japan. The Chinese national feeling is burning, and the Chinese masses are far better organized this time. Their organization is very much simplified and unified, and their efforts are highly concentrated and better utilized. The people have been going on with many activities in various ways and in the most enthusiatic mood, but they go on systematically.

Instead of having various anti-Japanese organizations, as was the case in the past, there is only *one* organization this time in every city. That is: "Association for Providing Assistance to the Forces fighting on the Front in the War of Resistance Against Japan," with "branch" associations spreading in all districts. There is a similar association organized by the women. The activities of the "association" range from organizing and directing the masses during the "extraordinary time" to caring for the wounded soldiers. All staff-members are " volunteers."

On one occasion, I had an interview with a staff-member —a girl not more than 17 years of age—of one association in one small district to ascertain what the association is doing, and I was greatly impressed by her answer when she said: "We are simply doing our part in the present war of resistance..... During the national crisis, every citizen should do his (her) duty.....As I am too young to go to the battlefield, so I take up my work behind China's battle line!....."

I was then led by her for an inspection of the Association's offices, and I was given full facilities to study the activities of the association in that place. Inspection of the account books on "contributions" for the war funds and for caring of the wounded soldiers was most welcomed by her.

Another striking impression which I gained during my journey is that the "mobilization of the Chinese masses" is apparently already in process. For example: when I was in Shantung, I heard about the mobilization of the Chinese farmers in that Province. As this proves somewhat ironical, I called on the officials in charge to ascertain some of their activities. One official, in his interview with me, said inter alia:

> "In modern times, if a nation waging an international war hopes to win the final victory, she depends upon not only the bravery of her armed forces but also the support which the people as a whole are able to give to the soldiers fighting on the battlefields. The fighting ability of the soldiers will be greatly diminished unless the people of the whole country make effective and concerted efforts for self-defence. Hence, in addition to the mobilization of troops, there must also be mobilization of the masses. The mobilization of the farmers thoroughout the Province of Shantung is a kind of mobilization of the masses now going on in China today."

Another official informed me that the mobilization of the farmers in Shantung is greatly facilitated by the fine and systematic rural work which has already been in progress for the past six years. "In ordinary times, through the efforts of these workers and training, there is already a unity among the farmers. So in the time of crisis, it is easier to organize them. In ordinary times, they are already taught the arts of war—offensive as well as defensive. So in the time of war, they know well how to assist the armies fighting the enemy; and in the event of withdrawal or retreat of our army, they know how to use guerrilla warfare to harass the advance of the invaders, etc.," said the official inter alia.

Everywhere I visited, I could see there are ample signs of the "awakening of the masses," and "fixed determination" of, not a portion of the people but all people of the nation, to fight to the last, and to have implicit faith in their leaders. One general told me personally that "China is determined to fight to the last—to the last man and last inch of her territory . . . . . China will fight on even if she has to withdraw to Yunnan Province . . . . . We want the final victory . . . . . " He spoke so in his firm belief that if "there is a will, there is a way"!

I had interviews with a score of leaders of all walks of life, and at every interview I always asked "what are the prospects of the final victory for China?" I may sum up some of my impressions.

First: It seems to me that the Chinese have much faith in the old oriental saying that "expedition, despatched without any justification, must fail" (師出無名必敗). In the present armed conflict, the Chinese say that China is a victim, and Japan is an aggressor; China is a right party, and Japan is a wrong party, and for this reason, the so-called Japanese "expedition" to China must fail, and China must win!. As Generalissimo Chiang once put it when he said that "I am firmly convinced that the forces of righteousness and justice, once set in motion, will not fail to achieve its desired goal!"

If one will ask any Chinese today "what China is fighting for?", the answer is always: "On one hand, China is fighting for upholding the sanctity of the international treaties and agreements, for preservation of the world peace, and for maintenance of international justice and righteousness; and on the other, China is fighting for her self-preservation and liberation of the Chinese people from the imperalism. So China is fighting for both the cause of her nationalism and for the cause of the world peace. While, Japan, in despatching an expedition without justification to China, must fail, China, in sending an expedition to fight against the Japanese militarism, must win." So the present war of resistance, as the Chinese call it, is a "holy war!"

Secondly, the Chinese believe that in modern warfare, at the beginning is a "war of machine" when tanks, bombers, etc, have their day. But at the end, it is a "war of endurance," and then it is a "war between man and man." It is the last element—the man power—that will decide the war. But in the last element, China has distinctly many advantages over Japan.

Japan has a population of 64,000,000 people. But according to the information, Japan could mobilize not more than 4,300,000 men. China has 450,000,000 people. Assuming that only one-twentieth is mobilized, it means 22,500,000 men strong! Just to speak of the Province of Kwangsi, it could mobilize no less than 200,000 on the battlefield at a moment's notice!

The Generalissimo, in his manifesto, said that "since the beginning of the hostilities, our total casualties in dead and wounded have exceeded on all fronts three hundred thousand." Japan is also reported to have sustained the same number of casualties, if not greater. But China could afford to lose 300,000 men, Japan could not!

Thirdly, the Chinese admit that both China and Japan are in bad financial condition. But the Chinese believe that Japan will collapse "first and earlier." T. V. Soong, chairman of the Bank of China, in his interview with foreign pressmen, said that the present Chinese financial conditions "will permit her to fight at least for two years!" Dr. H. H. Kung, the Minister of Finance, on his return to China, made the same significant statement. But financially, Japan could not. Her national indebtedness up to has already reached enormous proportions. Japan could neither obtain any credit abroad, nor could issue any more bonds. Nor could Japan derive any more funds from her poverty-stricken people to finance her war of militarism without precipitating a revolution which is already brewing.

Fourthly, although the Chinese do not rely so much on "outside assistance" in her present war of resistance, the Chinese believe that as the Japanese aggression is not only a Chinese problem, but a world problem, and that as the Japanese "militarism" is not only a menace to China, but to the world, the time will come when "rationalism" will prevail over "irrationalism," and when there will be fundamental changes in the foreign policy of the principal powers, from "isolationist" to "active

(*Continued on page 170*)

Chungking Prepares for Long Struggle—Serious Refugee Problem

BY HIN WONG

As a reply to the Japanese sponsoring the so-called Provisional Government of China at Peiping, the National Government of the Republic of China have stated in Chungking that such an attempt on the part of the enemy could serve no other purpose than the further showing of the Japanese effort to violate the sovereignty and territorial integrity of the Chinese people. The National Government have also warned that all persons plotting with the Japanese would be considered as having committed acts endangering the safety of the Republic, aside from asserting that all commitments of the so-called Provisional Government shall not bind the constituted legal authority of China in any way and all those dealing with the bogus administration at Peiping shall do so in their own risk and responsibility. Japan will be called to account for this and other acts of invasion.

In the meantime, China is preparing for a long and severe struggle with Japan. Aside from increasing production everywhere in territory not involved yet in the struggle, military training is being demanded of every able citizen, and in Chungking, even the ricsha coolies will have to undergo drilling for a short period every day, while the students in the middle schools and colleges will devote their winter recess to a course of intensive training for possible duty on the front. The Ministry of Finance in Chungking has completed arrangements with local bankers and industrial leaders to carry out a program which will strengthen both the Government and the people.

For the time being, the problem of communication is demanding every attention, and private enterprises have been called in to assist the Government in this respect.

Thousands of persons are now in Hankow and Ichang awaiting transportation either by steamer or aeroplane for Chungking, which has become a political and cultural center in western China by the transfer here of not only the National Government but also a number of leading institutions of learning, such as the National Central University and others. Only within the last few days more than 500 students of Fuh Tan University have come to Chungking to make their temporary home. The Szechuen Travel Service has just opened offices in Kweiyang, Kunming, Hanoi, and Haiphong to assist those finding it convenient to reach the wartime capital of China by taking boats from Hongkong in south China to Haiphong, Indo-China; and then from there by rail to Yunnanfu, now also known as Kunming; and from Kunming to Chungking by bus, by way of Kweiyang. For the trip from Kunming to Chungking, it will have to take nearly six days and cost more than $45 in carfare alone, not counting the hotel and other incidental expenses on the way.

That many coming to Chungking and other cities of Szechuen have no other business than taking refuge is to be expected and the policy of the Szechuen Government in this matter is to assist as best as possible those who are aged or have been disabled and to find work for the rest, including encouragement to the able physically to enlist in the army which will fight their way home for them. Orders have been issued to the local authorities at Wanghsien, Pahsien, and Kwangyuan to give the new comers a close inspection, while many districts in the province have received instructions to report the area of lands still available for farming so as to accommodate some of the refugees coming to Szechuen.

General Liu Hsiang, Chairman of the Government of Szechuen, now detailed for military duty somewhere in central China, has wired back to the officials in Chengtu, the provincial capital, to afford every possible aid to those from east and other parts of China who are looking for factory sites in the larger cities within their jurisdiction.

Mr. Wu Ting-chang, well-known Chinese banker and industrialist of Tientsin and Shanghai, retiring minister of industry who is being transferred as chairman of Kweichow, arrived in Chungking latter part of December; and he has conferred for some time with local leaders on the necessity of rapidly developing localindustries so as to strengthen national defense.

While going hand in hand with economic developments, local authorities have also recommended conservation of food and energy; and officials in Chengtu have tried not only to remain in their offices longer every day but also to take less frequently their daily meals. Instead of three, the ordinary habit of the people, Chengtu officialdom will serve meals but twice a day. In certain national government offices in Chungking, no holidays will be observed; and among the local police, it has been decided to work free once a month so as to have the day's wage saved for the war-chest. Everywhere it is being accepted that no extra luxury would be indulged in the coming New Year holidays.

In the coming holidays, however, the local people may first see the reproduction of a film entitled the Life of Our Leader, by the Central Film Corporation, presenting the generalissimo before the people.

The first direct Chungking-Hongkong air service on Dec. 16th was not very successful on account of bad weather on the way and the machine had to land at Ichang, Hupeh, thence, to Hankow, not arriving at its destination until the next day, instead of 1.30 in the afternoon of the same day of departure. The scheduled time is leaving Chungking at 7.15 on the morning and arriving at Hongkong at 1.30 in the same afternoon, after a short stop-over at Kweiyang, Kweilin, and Wuchow.

Every effort is being made to popularize the Chungking-Hongkong airline for both passengers and freight; and passage rate is being fixed at $300 for a single trip, while freightage is $2.50 a kilogram.

To push greater production and distribution of salt, a leading Szechuen article, it is being urged that other than the present quota be permitted to go outside by way of Hunan, and for this no extra tax than the usual rate will be charged by the national government.

A heavy provision of rice is to be stored in Szechuen for local and national demand and in case local production would not meet the need, import from other provinces has been decided upon.

In spite of the present national emergency which has affected the budgets of both the central and local government, the National Ministry and the local Szechuen authorities have been able to pay off the part of the Szechuen Famine Relief Bonds due this month and some $5,000,000 of domestic debts have thus been reduced. For the present, cash is not in great demand; and the banks, even at settlement period coming every middle and end of the month, only an interest rate of 4½% in being offered.

Since the first of December all laws and acts of the National Government of China have been gazetted in Chungking, the port in Szechuen on the upper Yangtsze to serve as capital of the Republic until further notice. The ministries of railways, finance, foreign affairs have begun functioning again, while others will have the more important hureaux in other cities, such as Hankow, Changsha, Canton, and Hengchow.

Tai Chi-tao, president of the Examination Yuan, has been the first among the government branch chiefs to arrive; and expected are Yu Yu-jen, president of the Control Yuan. Tan Chen, vice-president of the Judicial Yuan, has been here for some time taking charge of this Yuan.

Duplicated perhaps only by the recent welcome accorded to Lin Sen, Chairman of the Republic who arrived here November 26, a most impressive ceremony was observed last Sunday in Chungking, upon the arrival by boat of the remains of the late General Jao Kuo-hua, once but an ordinary Szechuen farm boy, who had recently distinguished himself in the Soochow sector, where he had repulsed the enemy time and again until killed in action after the last stand on his part that his opponents shall not pass.

To do more for the Nation, the provincial government of Szechuen have just proclaimed a general mobilization commission, thus doing away with many special organs preparing for contribution of man and economic resources towards the sources of the present self-defense war against the invaders.

Following the transfer to Chungking in Szechuen, the wartime capital of China, of the headquarters of the New Life Movement from Nanking, the New Life Publishing Company of Shanghai, undertaking the publication of many modern books, has also come to this upper Yangtsze River port. In addition to these, there have been many new arrivals since the middle of December.

The Sun Yat-sen Institute of Nanking, an academic research organization, is to be put up in new quarters in Chungking. One of many useful activities of the institution is the indexing of important Chinese newspapers and periodical literature.

The Kwang Hua University of Shanghai and the Higher Technical of Nanking are to be located in their temporary sites at Wanhsien, a Szechuen port on the upper Yangtze, well-known for its woodoil trade. The University of Nanking will resume its work partly in Wanhsien, while other departments will try to find room in either Chungking or Chengtu. Chungking University is providing instruction for many who have found their return to the zone impossible; and to offer some aid to these visitors, or rather refugees, who have landed in this port, a number of alumni associations representing well-known colleges and universities in China has been organized here. Yenching and Tsinghua University in Nanking, the University of Shanghai, Chungshan University in Canton, St. John's of Jessfield, Greater Shanghai, and others have strong representations in Chungking. The National Central University is now sharing campus with Chungking University at Shapingpa, one of the suburbs of Chungking.

Chungking, Dec. 22, 1937.

EIGHTH ROUTE ARMY IN ACTION ON THE SHANSI FRONT

The above are the first action pictures of the Eighth Route Army (former Reds) to be received in Shanghai. The pictures illustrate the guerilla tactics for which this Chinese military group has been noted. As a result of their success on the Shansi front, similiar tactics are to be applied elsewhere.

Eighth Army Harasses Japanese in Shansi

The Eighth Army is reported in Chinese newspapers to be very active in Shansi and Suiyuan. On December 28 these forces attacked and occupied the Japanese airdrome near Niangtzekwan. Eight airplanes were in the airdrome, but no gasoline, so that the Eighth Army aviators could not use the machines. When Japanese reinforcements arrived and counter-attacked the Chinese destroyed the planes with hand-grenades.

Ku Chen Arrested by Military Authorities in Haichow

Ku Chen, a former army commander of the defunct Chihli-Shantung forces under the notorious warlord Chang Tsung-chang, has been arrested by the military authorities at Haichow, northeastern Kiangsu. Ku was engaged in espionage work at the instigation of Chi Hsien-yuan, member of the bogus Peiping regime. He will behanded over to a military tribunal for court-martial.

Japanese Engineers Throw Pontoon Bridge Across Yellow River

Attempts of Chinese troops to stem the advance of Japanese forces by blowing up the Yellow River bridge were frustrated by the Japanese Engineers Corps Dec. 29 when they completed a pontoon bridge, a *Domei* message stated. Setting afloat several launches about 300 meters downstream from the wrecked iron bridge, along the Tsinpu Railway, the Japanese engineers constructed the bridge with planks.

Japanese Capture Chufu, Birthplace of Confucius

The Chinese forces on the Tientsin-Pukow Railway were concentrating at Hsuchowfu, the junction of the Tientsin-Pukow and Lunghai Railways, preparatory to fighting on the Lunghai line, according to Chinese reports. Jan. 4. Meanwhile, the Japanese forces, pushing southward along the Tientsin-Pukow line, had captured Tawenkow and Chufu. The Chinese troops had already evacuated Yenchowfu, the last important city in Southern Shantung.

The fall of Chufu has brought the birthplace of China's foremost sage, Confucius, into the hands of the Japanese.

Reserve Bank Plans in North China

A Chinese Joint Reserve Bank is to be organized in North China. It is reported that the Kincheng Banking Corporation, the Yen Yieh Bank, the China and South Seas Bank, the Hsin Hwa Bank, the Hopei Provincial Bank, and the Peiyang Paoshang Bank have agreed to join this new financial institution.

These seven banks will contribute a total sum of $25,000,000 as capital for the new financial institution, while the Yokohama Specie Bank and the Bank of Taiwan (Japanese banks) will between them give Yen 25,000,000.

Officials of the Shanghai offices of the banks mentioned denied any knowledge of the reported arrangements, stating that because of the difficulty in telegraphic and other communications between here and Tientsin, they have received no news for weeks.

The new bank is to be organized in Tientsin early in January, 1938, and will issue banknotes for circulation in North China. The silver stocks held by the committee for the control of securities against note issues in Peiping and Tientsin will be turned over to this new bank, as security for new bank notes to be issued.

Great attention is being paid to this report from North China, as it will represent a serious blow to the unification of Chinese currency, and will affect many of the banks with their present headquarters in Hankow, states the *China Evening News*.

Three Peoples' Principles to Be Banned from North China Schools

Eradication of the anti-Japanese educational system which (according to *Domei*), has been prevalent in North China is being contemplated by the newly established Provisional Government of the Republic of China. In order to achieve this purpose, the Educational Department of the Executive Committion of the new government is formulating fundamental principles regarding cultural and educational problems.

Such doctrines as the "Three Principles of the People," which were described as likely to mislead the people, will be discarded, it was understood, while Confucianism, declared to be the foundation of Oriental thought, is to be fostered.

French Missions in China Badly Crippled as Result of Hostilities

Considerable distress concerning the situation of the French Catholic Missions in China was expressed in by the Reverend Father Henry, head of the Siccawei seminary in Shanghai, in an interview in Paris Jan. 3 upon his arrival from Shanghai. "We have lost a large part of our income," he said, "while some of our churches and buildings have been destroyed. Our Christians have often been scattered. Several Chinese Christians who have been extremely generous to us have been ruined. Our material losses are of such proportions that we are at a loss as to how we are going to live.

"The financial situation of Aurora University, which does honor to France in China, is extremely critical," Father Henry went on. "We shall be perhaps compelled to reduce the number of teachers and students, or we might even have to close."

"The assassination of Lo Pa Hong, the noted Chinese Catholic philanthropist, is an irreparable loss to the Church and missions," Father Henry added.

Italian Missionary Aids in Forming "Traitor" Government in West Hopei

A correspondent writes from "somewhere in Eastern Shansi" that when the Japanese occupied the town of Laiyuen, in western Hopei Province, the Italian Catholic missionary in that town organized a "traitor" government for the Japanese. The Italian missionary allegedly chose the head of the new local government, and also all his assistants. First he selected a man who refused to serve. Then the Italian chose a man by name of Chan Yuen, and his assistant, Hsing An-kuo. The new government was given instructions by the missionary as to the kind of work they were to do. This was to collect rice and bread for the Japanese troops, to force the people to give the Japanese pigs, chickens, eggs, and other food. The peolpe hated the government very much and when the Eighth Route Army unit occupied the town on Oct. 11, the people streamed to it to tell them the facts and to ask for protection. Because the Eighth Route Army was cleaning out all traitors, the Italian missionary took the five members of the new government and hid them in his church, and then one by one smuggled them and their families out of the town. "Because of extrality, and their desire not to come into conflict with another foreign power, the Eighth Route Army did not search the church and root out the traitors, nor did they molest the missionary," this correspondent said.

Japanese Military Opens Railway Service to Hangchow and Nanking

The Shanghai-Nanking and the Shanghai-Hangchow railways are now being operated all the way through by the Japanese military authorities, it was stated in Shanghai Jan. 4. A Japanese military spokesman said that in view of the fact that the Chinese had succeeded in taking away all the rolling stock the army had found it necessary to use imported engines and cars.

Asked if these had been taken from the South Manchurian Railway the spokesman said that this was not the case. All the equipment in use belonged to the military, he said. The spokesman added that although "regular" service was not being maintained the tracks were open clear from Shanghai to Hangchow and the capital. The bridge at Sungkiang and other bridges had been repaired, he said.

Chinese Make Counter-Attack on Hangchow

Reporting on the success of a Chinese counter-attack in the Hangchow front, General Chang Fa-kuei, former Commander of the "Ironsides," who is now directing the campaign in Chekiang, stated Jan. 3 that after establishing close contact with the flying columns, the Chinese troops in western Chekiang and outside of Hangchow have launched a counter-drive on Hangchow from Fuyang, 20 miles south-west of Hangchow, and Yuhang, ten miles west of the lake city. Pushing rapidly towards the Chekiang provincial capital, the Chinese forces inflicted heavy casualties on the Japanese troops.

The vanguards of the Chinese forces continued their drive from Liuhota (pagoda), near the Hangchow Christian College, towards Hupaoshan while Chinese plain-clothes units are active in the walled city, the message continues. The Japanese garrison in Hangchow had withdrawn from the city, it was stated.

Another column headed towards the West Lake region. Severe fighting was reported to have broken out between the Chinese and Japanese troops at Ssuyentsing near the West Lake. Several extensive fires involving the Municipal Government Building, the Museum and the business quarter of Hangchow have broken out.

A *Kuo Min* message from Tunglu Jan. 3 stated that the Japanese troops, who had occupied Hangchow for only nine days, were forced to retreat from the city in two directions, one column towards the Kienkiao station of the Shanghai Hangchow-Ningpo Railway about seven miles north-east of Hangchow, and the other toward Kungchenkiao, the international settlement north of Hangchow.

Chinese Boom Across Yung River Disrupts Shanghai-Ningpo Communications

The boom thrown across the Yung River at Chinhai, east of Ningpo, by the Chinese authorities in October last, was made absolute on New Year's Eve, thereby completely disrupting communications between Shanghai and Ningpo, a *Kuomin* message from Ningpo Jan. 2, stated.

Japanese Claim Casualties Less Than 200 at Hangchow

Operations leading to the capture of Hangchow, cost the Japanese forces less than 200 casualties, a Japanese military spokesman in Shanghai stated Dec. 30. Included among this total were both wounded and killed, he said.

A detachment of Japanese troops made an attempt during the night to cross the Chientang River southwards, aboard five steam launches. Prepared for the attack, the Chinese defenders on the southern bank opened a steady fire with machine-guns when the Japanese came within range and compelled them to turn back, a *Kuo Min* message from Kinhwa Dec. 31 stated.

Shanghai Times Photo.

Another puppet administration inaugurated in Peiping, renamed Peking.

Shantung to Be Put Under Control of Peking's "Peace Maintenance Commission"

Plans to assume control over Shantung as soon as peace is restored in the war-torn province were being studied by the Provisional Chinese Government , a *Domei* message in Peking Dec. 30 stated. Officials of the new Government said they thought it advisable to form an autonomous provisional administration in Shantung for the duration of hostilities in the province. Meanwhile, reports from Tsinan announced the election of Ma Liang, 75 years of age, as Chairman of the newly formed Peace Maintenance Commission for the city.

"Peace Maintenance Commission" Established in Hangchow

A *Domei* message from Hangchow Jan. 2 said that three events marked the advent of 1938 there: A peace maintenance commission was formed; rail traffic with Shanghai was restored; and the airdrome greeted its first Japanese plane.

The inaugural meeting of the Peace Maintenance Commission was held at the Chamber of Commerce building at 4 p.m. on New Year's Day. Led by Kao Fu-sheng, Mayor of Hangchow, 500 prominent residents of the city attended the inaugural rites. Lieut.-Col. Masutaro Nakai, chief of the Special Service branch of the Japanese Army in this sector, who will act as advisor to the commission, and Yuzo Matsumura, Japanese consul, were also in attendance.

British Subject Accused by Japanese of Receiving Stolen Goods

William Alfred ("Jerry") Morgan was brought up at the British Police Court in Shanghai Dec. 30, after having been turned over to the Municipal Police by the Japanese authorities, who claimed that the accused had been engaged with certain Chinese in dishonest transactions. However, when the case was called Detective Sub-Inspector Crighton said he had no details of the charge, and as no Japanese representative had appeared in court he was at a loss how to proceed. Magistrate Haines adjourned the case until the afternoon, when a charge of receiving stolen goods was preferred. The case was later adjourned until January 7, the accused being allowed out on bail.

American Chain Stores Join in Boycott of Japanese Goods

Officials of the two largest five and ten cent chain stores in the United States Dec. 29 formally announced discontinuance of Japanese goods purchases. The Woolworth and Kresge chains of stores will no longer purchase Japanese made merchandise due to the nation-wide boycott by American consumers, it was announced. Both of these chains, catering to merchandise under 50 cents, have stocked huge quantities of Japanese goods in the past.

No mention was made regarding disposal of the goods already in stock although a survey revealed that most of it had been removed from the shelves.

Mme. Chiang Kai-shek Asks American Aid in Boycott Against Japanese Goods

What the outcome of the Sino-Japanese hostilities would be Madame Chiang Kai-shek, wife of the Generalissimo, did not know, she wrote in a letter sent to the Rev. Peyton Stephens, Baptist missionary in China for thirty years, at present living in Columbia, Miss., where it was received this week.

"I do not know what the outcome of this war will be," Madame Chiang Kai-shek wrote. "But whatever advance the Japanese may make is due to the tonnage of their explosives, not to valor or superior tactics. . . . Tell your country China is united as never before . . . . Ask your readers not to buy or sell Japanese goods. Go further and ask that all imports from and exports to Japan be halted. Remember that every day of the War means thousands of human lives are sacrificed."

Butterfly Wu Raises Defense Funds in Hongkong

An all-star cast of China's most famous "movie" stars staged a performance in Hongkong on Jan. 4, 5, and 6, to raise money for the Government to continue its armed resistance against Japan. Miss Butterfly Wu, and other well-known cinema actors and actresses, took part in the show.

Chinese Abroad Contribute Liberally Toward War Relief

By order of the Central authorities, the Overseas Affairs Commission is being removed to Chungking, Szechuen, the present seat of the National Government, it is officially announced. Chen Shu-jen, Chairman of the Commission, and a part of his staff will remain in Hankow.

Since the outbreak of Sino-Japanese hostilities, Chinese philanthopic organizations abroad have made generous contributions in money and kind towards war relief. Besides recent remittances amounting to $750,000, they have donated 2,213 kilograms of quinine, 27 cases of medical supplies, and 285 trunks of clothing for refugees.

A Chinese medical unit, consisting of 4 doctors and 14 nurses, is arriving from abroad for field service. 9 motor ambulances have been contributed by overseas patriots.

Sian Makes Energetic Efforts to Relieve War Refugees

The General War Relief Commission Dec. 29 sent a telegram highly commending the Sian Branch Commission for its energetic efforts in the relief of war refugees.

Malayan Chinese Workers in Japanese Iron Mine Go on Strike

Three thousand workers of the Japanese-owned Dungun Iron Mines at Trengganu, the largest in Malaya, Dec. 30 passed a resolution to stop work on patriotic grounds. Meanwhile, workers have sent a deputation to Singapore to appeal for assistance from leading Chinese citizens there. Most of the workers come from Shantung Province.

Singapore Tightens Immigration Laws So as to Prevent Influx of Stowaways

To prevent the continuance of a recent influx of stowaways and the entry of aliens in the guise of crews of ships, the Government of the Straits Settlements is amending its alien laws. One means of evading the strict immigration laws in the Straits Settlements has been by aliens entering as crews of ships. Under the new bill, no alien seaman would be allowed to disembark except with the permission of the immigration authorities. Masters of ships will have to furnish lists of all Asiatic seamen, and a muster can be demanded.

Britain Is Key to Solution of World Crisis, Says "Ta Kung Pao"

The real key to the solution of the international situation still rests with Great Britain herself, the *Ta Kung Pao* declared in an editorial at Hankow Dec. 29. With the support of Italy who pursues an anti-British policy and who controls the Mediterranean Sea, Japan dares to defy Britain and dares to openly invade China. But if the United States is really determined to join hands with Britain, the set-up may change. With America coming out in the open, Japan may have to modify her policy and the situation in eastern Europe may be improved. In case Britain fails to secure the co-operation of the United States, she should either join the Franco-Soviet bloc in order to form the balance of power in Europe or break up the alliance between Germany and Italy as a reprisal against Japan's interference with the Anglo-American alignment, says the *Ta Kung Pao*.

World Drug Consumption Is Increasing, Says Geneva Report

A Statement of Estimated World Requirements drawn up by the Opium Supervisory Body under the 1931 Drugs Limitation Convention, (Geneva) stated that the world stocks of manufactured drugs held at the end of 1936 showed a decrease in certain cases. It seemed, therefore, that the increase in manufacture was absorbed by consumption, which is rising for every drug, the percentage increases for 1936 over 1931 being: morphine 11.56%, diacetylmorphine 9.62%, codeine 25%, ethylmorphine 48.34%, cocaine 5.74%.

American Woman Prosecuted on Narcotic Transportation Charge

Mrs. Margaret Florence Evers, aged 48, was brought before Judge Milton J. Helmick in the U.S. Court for China Dec. 30 and Jan. 5 in connection with the charge against her of receiving, concealing and facilitating transportation of two packages of narcotic drugs weighing about 25 ounces on about July 6 last at Changteh, also known as Anyang, China, violating a requirement of the Treaty between U.S.A. and China, 1903, and further violating a requirement of Act of February 9, 1909. The defendant pleaded not guilty. The defendant arrived in Shanghai from Hankow on July 19 in custody of U.S. Marshal Edward L. Faupel, and Judge Helmick. She declared she was a victim of a Chinese student to whom she formerly taught English. This student was alleged to have asked her to take two bags of his when the defendant left Peiping for Anyang on July 5. On arrival, the student, it was alleged, did not turn up to claim his bags which, when opened by the police of that place, were found to contain narcotic drugs.

Dr. Wu Tze-chen Hopes to Start Girls' University in Shanghai Next Spring

With a view to cultivating leadership for women's circles and reforming the family and social system in China, Dr. Wu Tze-chen, principal of Shanghai Girls' Middle School, engaged in the work of establishing a Shanghai Girls' University. With the plan, cherished five years ago, Dr. Wu went to Europe year before last, devoting himself to the study and investigation of the European educational systems. In the course of his sojourn there, Dr. Wu requested many well-known figures to be initiators of the proposed institution. The movement has developed considerably since the first preparatory meeting held at Rome with Ambassador Liu Wandou, and others in attendance. Dr. Wu returned to China last year in the middle of September, with the degree of doctor of philosophy, obtained from Roman University. Now he is taking steps to establish the Shanghai Girls University with Ivan D. Georgu, M. A. of Yenching University, as head of the preparatory committee. The new institution will begin its instruction in the spring semester, 1938.

Japanese Engineers to Build £2,500,000 Port for Siam

Plans for the development of a £2,500,000 port at Bangkok, capital of Siam, submitted by the Japanese Home Office Engineering Bureau were accepted, last month. Engineers in 22 countries submitted plans. No indication has so far been given as to when building will start, or as to how long it will take, although it is understood that the new port will be ready in about two or three years.

Ninety per cent of the trade of Siam passes through Bangkok, but there are no proper facilities for berthing ships and handling cargo. Large sums are spent annually on the lighterage of rice. The decision to develop the port has international significance. It was referred some years ago to a committee of experts of the League of Nations. The development plan provides for the building of wharves and godowns and the dredging of the bar.

German-Siam Amity Treaty Concluded

A new amity pact between Germany and Siam which also regulates the trade and shipping relations between the two countries was signed at Bangkok Dec. 30. The new pact replaces the treaty concluded in 1928 between Siam and Germany which "as corresponding agreements between Siam and Britain, France, Belgium, Switzerland, the United States, Sweden and Japan" were denounced by Siam on November 5 in order to abolish the privilege which these foreign powers still enjoyed as regards jurisdiction and to regulate the trade relations with the foreign powers uniformly on the basis of reciprocity and complete equality of rights. The new agreement grants Germany the most favored nation treatment in every respect. The agreement will become effective on the date of the exchange of the ratification documents.

President Roosevelt in Message Says Wise Restraint, Despite Provocation, Avoided War

President Roosevelt in his annual message to Congress Jan. 3 marked chaotic conditions throughout the world which have "far-reaching effects not only on their neighbors but also on us." The President said that it becomes the responsibility of each nation to "be strong enough to assure observance of those fundamentals of peaceful solutions of conflicts which are the only ultimate basis of an orderly existence. I am thankful that I can tell you the nation is at peace . . . . It has been kept at peace despite provocations which in other days, because of their seriousness, could have engendered war. The people of the United States and the Government of the United States have shown a capacity for restraint and a civilized approach to the purposes of peace while at the same time we maintain the integrity and inherent sovereignty of 130,000,000 people lest we weaken and destroy our influence for peace and jeopardize that sovereignty itself.

"It is our traditional policy to live in peace with other nations . . . . but in a world of high tension and disorder and in a world where stable civilization is actually threatened, it becomes the responsibility of each nation . . . . to be strong enough to assure observance of those fundamentals of peaceful solutions of conflicts which are the only ultimate basis of orderly existence.

"We propose to observe as in the past our own treaty obligations, but we cannot be certain of reciprocity on the part of others who disregard treaty obligations, which seems to be followed on the surface by a trend away from the democratic and representative form of government.

"It would seem, therefore, that world peace through international agreements is most safe in the hands of democratic representative governments or, in other words, peace is most greatly jeopardized in and by those nations where democracy has been discarded or never developed."

British Pleased with Roosevelt's Speech

The tone and substance of President Roosevelt's eagerly-awaited address to the second regular session of the 75th Congress were much welcomed in authoritative British circles in London. The President's heartening remarks in regard to democracy are considered particularly timely, and are entirely shared by British officialdom as also are his references in regard to treaty obligations.

It is clear, well-informed quarters believed, that British and American thought are working in the same direction, and that British and American statesmen have the same way of looking at things.

Wide-Spread Unemployment in the U.S. Revealed by Voluntary Census

An analysis of the figures obtained in the voluntary postcard census of unemployed in the United States Jan. 2 revealed that twelve per cent of the population as of November 20 was jobless. The postcard census showed 7,822,912 unemployed in the United States while a figure of 10,870,000 was reached in a test count in selected areas. However, economists of the Works Progress Administration estimated that another million persons were disemployed since the census was taken.

America's Naval Extensions Due to Unemployment?

A *Havas* message from Washington Dec. 30, in mentioning that uncemployment the United States had recently increased by two million, quoted "well-informed circles in Washington," to the effect that the extension of the American naval program has its genesis in the economic retrogression in the country and the increase of unemployment.

The attitude of some big industrialists such as Mr. Knudsen, President of General Motors, it was stated, showed that they are unprepared or unable to keep up the effort demanded by President Roosevelt. Assistant Attorney-General Robert Jackson stated that salaries were hardly increased to meet the rise in the cost of living.

President Roosevelt, it was mentioned, may feel inclined to follow the initial policy of the New Deal, which calls for direct action by the government. The naval armament program may be a new form of this policy.

American Students Reject "Non-Fight" Pledge

The American Student Union at Poughkeepsie, N.Y. Dec. 29 rejected commitment to the Oxford Pledge, an oath not to support the nation's government "in any war it may undertake." The decision was reached at the convention of the A.S.U. attended by 500 delegates representing 20,000 students in 150 universities throughout the country. The convention approved a peace program calling for firstly, immediate steps to restrain Fascist aggression by contributing America's influence in behalf of world peace, secondly, American leadership in proclaiming an aggressor and modification of the Neutrality Act to permit discrimination against declared aggressors; thirdly, a boycott against Japanese goods; and fourthly, opposition to preparations for war in the United States.

Lutheran Pastors Object to Showing of "Panay" Bombing Pictures

The Association of Lutheran Ministers known as "Concordia" issued a statement in New York Dec. 29 to the general public, protesting the showing of the Universal and Fox Movietone films of the bombing of the *Panay* on the ground that they would inflame the people. Plans for distribution of the bombing film by Universal Pictures included not only a screening of the vivid scenes throughout the United States but also throughout the world.

The newsreel, according to Universal Pictures, showed Japanese planes actually diving, scenes aboard the Panay in which officers ordered abandonment of the ship, American flags clearly painted on the fore and after decks, the escape of the survivors and many other details.

First print of the newsreel was rushed to Washington for preview purposes by Government officials, after which shipments of copies were made to Europe, Australia and South America.

Trans-Pacific Air Service Functions Splendidly

The trans-Pacific air service performed 90.64 per cent of the service scheduled during the fiscal year ended June 30, 1937, it was stated in the annual report of James Farley, Postmaster-General, made public in Washington Jan. 2.

Mail despatched from San Francisco on the 48 flights during the year averaged 396 lb. per flight, while an average of 419 lb. of mail arrived in San Francisco on each flight. A considerable portion of the mail was to and from Hawaii, the report said.

U. S. Maritime Commissioner to Investigate Pacific Shipping Problems

The United States Maritime Commissioner, Joseph P. Kennedy, proceeded from Washington to San Francisco this week to hold informal conferences regarding the projected transfer of the large Panama-Pacific liners to the eastern coast for South American service. Mr. Kenney, it was reported would attempt to obtain the agreement of west coast shippers and chambers of commerce who are strenuously objecting to the transfer of the ships to the east coast. Reliable sources, however, said Mr. Kennedy also would investigate conditions of the Dollar Steamship Co.

The Dollar line, it was recalled, is mapping a reorganization program in order to resume holding of ocean mail contracts. Meanwhile the Dollar line is suing the Government for $5,000,000 for abrogated mail contracts.

Mr. Kennedy, telegrams from Washington indicate, may investigate the entire Pacific maritime situation, including facilities to Hawaii, the Philippines and the Far East, He also may inquire into the Pacific naval defenses and the military situation from the viewpoint of the Pacific in order to be better able to discuss the Pacific and Oriental naval situation with British naval authorities if he is appointed new United States Ambassador to Britain.

Secretary Interior Ickes Attacks "Big Business" in Radio Address

Pushing forward the U.S. Government's sweeping drive against "Big Business," Harold L. Ickes, Secretary of the Interior, asserted in Washington Dec. 30 that "moneyed aristocrats, corporate earls and ducal economic overlords" threatened to "enslave America through a sit-down strike of capital." In a radio address entitled "It Is Happening Here," Mr. Ickes strongly attacked the motor manufacturer, Henry Ford, whose company has voiced its intention of ignoring a recent order of the National Labor Relations Board. The report of the N.L.R.B., Mr. Ickes said, charged that "Ford the Beneficient" had virtually refused to comply "with a duly enacted statute. If it is true that he has thus defied constituted authority, Mr. Ford is not entitled to the respect of decent Americans . . ."

Mr. Ickes demanded that business purge itself of "its Fords before it presumes to tell the people what they should or should not do about the troubles caused by labor's efforts to organize."

Tokyo Offers "Pax Japonica," Says Quo Tai-chi

"The inevitable impression regarding these terms not merely in China but in the world is that they can only be described as Pax Japonica," declared Quo Tai-chi, the Chinese Ambassador, when questioned by *Reuter* in London Jan. 4 concerning Japan's peace terms. "The Japanese," the Ambassador said, "have a peculiar conception of peace, both in methods of approaching it and securing it. These are the terms of an army flushed with a momentary triumph, not of a finally victorious nation, a position which Japan has yet to achieve. Japan has twice begged China to sue for peace, but there can be no enduring peace except on an honorable basis. The proposed terms equally ignored China's rights as an independent, sovereign State, and cynically belie Japan's many protestations that she will strictly respect the rights of other Powers."

"Japan has yet to learn," the Ambassador added, "the full measure of China's ability, as a united people, to endure any sufferings, and her determination to resist to the end."

General Chiang Kai-shek Refuses to Accept Japan's "Peace" Terms

Unless greatly modified, Japan's peace terms, indirectly presented to General Chiang Kai-shek by the Japanese Government about two weeks ago, cannot be accepted by China, authoritative Chinese sources in Hankow stated Jan. 2.

These terms, which were received by Dr. Herbert von Dirksen, the German Ambassador in Tokyo, for presentation to the Chinese Government through the German Ambassador to China, Dr. O. Trautmann, comprise:

1. Conclusion of a Sino-Japanese economic agreement granting Japan participation in China's national resources, Customs, communications and transport.
2. China's adherence to the anti-Comintern pact.
3. Stationing of permanent Japanese garrisons in China.
4. Creation of demilitarized zones in areas specified by Japan.
5. Formation of an independent government in Inner Mongolia.
6. Payment of war reparations by China.

The trip which Dr. Trautmann made to Nanking some weeks ago, according to Chinese circles in Hankow, represented a "feeler" in order to explore possibilities of a peaceful settlement. The Ambassador's absence from Hankow, and the very strict secrecy regarding his movements, attracted the attention of foreign correspondents, with the result that very wide publicity was given to the conversations in Nanking.

It is stated that while the Generalissimo has not rejected the peace terms outright, he has postponed the issue indefinitely on the excuse that he "wants more time to study the terms." This is generally believed to indicate that General Chiang Kai-shek thinks the terms impossible of acceptance.

"Time" Magazine Chooses General Chiang and Wife as Outstanding Couple

Time magazine, departing from its custom of selecting an individual, Dec. 31 chose Generalissimo and Madame Chiang Kai-shek as its "man and wife of the year."

Time said "no woman in the west holds so great a position as Madame Chiang holds in China. Japan launched her great adventure without outstanding leadership but China, the victim of that adventure, has had the ablest leadership through 1937.

"The Chinese have been led —not without glory—by one supreme leader and his remarkable wife. Under this man and wife the traditionally provincial Chinese people . . . have slowly been given a national consciousness. Her rise and tht of the Generalissimo in less than a generation to the moral and material leadership of the ancient Chinese people cover a great page in history.

"The generalissimo and Madame Chiang have not conceded China's defeat. They long ago announced their program. For as many years as necessary they will harass, exhaust and eventually ruin Japan by guerilla warfare. If Generalissimo Chiang can achieve it, he may emerge as Asia's man of the century."

Gen. Chiang Praised by Berlin Journal

"The Embodiment of the Chinese impulse towards unification" is how General Chiang Kai-shek was described in the New Year's number of the *Deutsche Allgemeine Zeitung*, which devoted a long leading article to the Sino-Japanese conflict and in this connection praises the accomplishments of the Generalissimo in China's modern development.

"It cannot be doubted," writes the paper, "that an internal, elastic force has begun to develop in the world's largest nation from the viewpoint of the population and that this force has penetrated to all parts of the nation. Because of the vast expanses of the land, this dynamic force is able to confine itself to the Chinese frontiers, and to take on an imperialistic aspect within China without extending into other countries.

"The great Chinese leader, General Chiang Kai-shek, has succeeded in elevating himself in the eyes of the nation to a point where he to-day embodies the Chinese impulse towards unification. This dynamic force was not able to prevent Outer Mongolia from being to all practical purposes annexed by Soviet Russia, or Manchuria from becoming the independent state of Manchukuo. At present the world is witnessing a drama in the Far East of one dynamic force meeting another without any effective resistance from outside coming between."

JAPAN EXPERIMENTS

Jacob Burck in the *New Masses* and *St. Louis Post Dispatch.*

General Chiang Visits Canton by Plane on Christmas Eve

Kuo Min stated Dec. 30 that General Chiang Kai-shek, paid a visit to Canton from Hankow by airplane on Christmas Eve and returned Northwards by the same plane on the following day. During his short stay in Canton, General Chiang inspected the defence works and conferred with Generals Pai Chung-hsi, Ho Ying-chin, Yu Han-mou, and General Wu Te-chen, concerning the strengthening of the defences of South China against Japanese invasion.

A Bloody Year in Soviet Russia—Recent Elections a Farce, "Havas" Says

Soviet Russia's development and progress in the year 1937 was vividly marked by the ruthless continuation of the policy of purging the administration of undesirable elements, often including former notable personalities, culminating in several great trials. Economically the situation in Soviet Russia at the end of 1937 is not unfavorable although it appears that the limit of the U.S.S.R. capacity for production has been reached, a *Havas* message from Moscow Jan. 2 stated.

The first important public trial of 1937 was that against the "Trotskyist anti-Soviet centre" in January, which resulted in the death sentence being meted out to seventeen accused, among whom were Messrs. Piatakov and Serebriakov for espionage, betrayal, sabotage and terrorism, while Karl Radek and M. Sokolnikov were sentenced to serve ten years in prison. This trial followed that in August, 1936, against the "Trotskyist and Zinovievist centre," which resulted in the shooting of the sixteen accused, among whom were Messrs. Zinoviev and Kamenev.

The second great trial of 1937 took place on June 12, 1937, and resulted in the death sentence, immediately carried out against Marshal Tukhatchevsky, and the Generals Oubrorevitch, Eideman, Kork, Primakov, Yakir, and Putna.

The last important trial of the year was held on December 16, and was followed by the immediate execution of M. Karakhan, former Ambassador to China; and Messrs. Enukidze, Orachelachvili, Cheboldaev, Larine and Steiger.

Furthermore, an incalculable number of important personalities classed in the Soviet encyclopedia as "Old Bolshevists" are at present in jail.

Also in jail are several former diplomats, among them being M. Krectinski, former Vice-Commissar for Foreign Affairs; and Messrs. Youreniev, Rosenberg, Bogomolov, Asmus, Brokovski, Karski, Yakoubovitch, Fekner, Neyman, Gaikks and Stern. Over fifty per cent of Soviet Ambassadors and Ministers were disgraced.

Several other personalities mysteriously "disappeared." Among these are two former Vice-Commissars of Defence, and General Alksnis, chief of the Air Forces; Admiral Orlov, chief of the Naval forces; General Bokis, mechanization chief of the Red Army; General Velikanov, and three military district political Commissars, Messrs. Ozolin, Mezis, and Apse.

Several others were also classified as "disappeared," among these being the Statistical Director of the *Tass* News Agency, the President of the Society for Cultural Relations Abroad, and a few lesser personalities. In short, any head which rose slightly above the average, was cut down. In this category can be classed the great aviation builder M. Toupolev, and the famous writer, M. Boris Pilniak. Only six Peoples' Commissars out of ninetteen maintained their positions throughout the year. These are Maxim Litvinov, Foreign Commissar, M. Iejov, Home Commissar; Marshal Klementil Voroshilov, War Commissar; M. Mikovan, who became Vice-President of the Council; M. Krylenko, Commissar for Justice, and M. Pakhomov, Maritime Transports Commissar. These, however, have been subjected lately to severe criticism.

On December 12, the universal suffrage elections to the Supreme Soviet of the U.S.S.R., were held.

These elections were termed "the most democratic in the world," but at the last minute, the electors were invited to vote for one candidate only, appointed by the system of raised hands in the pre-electoral assembly, and no other candidate was allowed to present himself for election. Parliament will be comprised of 855 Communists out of a total of 1,143 deputies.

The elections strengthened the personal power of Joseph Stalin, "the first deputy of the nation."

The repression plan continued beyond the elections, but the convocation of the Supreme Soviet for January 12, renders further great trials ill-timed.

Russian-Japanese Fishery Pact Extended for One Year

Settlement for the time being of the important Russian-Japanese fishery question was effected by the conclusion Dec. 29 of a protocol at Moscow. The protocol reads: "The Governments of Japan and the Soviet Union hereby agree that the fishery convention between Japan and the Soviet Union, as well as documents annexed thereto, signed on Jan. 23, 1928, shall remain in force until Dec. 31, 1938."

Commenting on the conclusion of the protocol, a spokesman for the Tokyo Foreign Office issued a statement to the following effect:

"Regarding revision of the Japanese-Soviet fishery convention despite the fact, as well known, that a draft of the agreement was made and internal procedures in our country for its signing were completed in November of last year, the Soviet Government refused to sign the instrument at the very last.

"It is a matter to be greatly deplored that although the Japanese Government on numerous occasions emphatically called the attention of the Soviet Government to the matter, the said government continued to maintain a dilatory attitude so that all hope had to be abandoned for signing a new agreement this year, and it has become necessary to carry over the negotiations, therefore, to next spring.

"As a consequence, the Japanese Government, with a view to forestalling hindrances to the exercise of Japanese fishing rights for the coming year, decided to conclude a *modus vivendi* similar to that which was made at the end of last year and to prolong the duration of the existing fishery convention and documents pertaining thereto, as well as the contract on 280 of the so-called stabilized fishery lots, until the end of next year.

"The same conditions as heretofore will prevail so that our fishing concerns can continue to operate their industries during the coming year."

Japanese, Incensed at Chinese Resistance, Vent Spite on 'Soviets,' Moscow Papers Say

Moscow newspapers Dec. 30 published the following report from Hankow:

"The stubborn resistance offered by China to Japan at all fronts and the telling blows dealt by Chinese partisans to the Japanese army both at the southern fronts (and especially in northern China) have created in Tokyo a great alarm and nervousness. This nervousness evidently seeks its outlet in inciting the public opinion in Japan against the U.S.S.R. This aim is served by false reports about the dimensions of Soviet military supplies in China circulated by the Japanese press daily. Japanese official circles cannot, but be informed about the insignificant extent of these supplies as compared with the quantity of war materials brought to China from America, England, France, Germany and Italy from where a transport of arms was brought to Hongkong aboard an Italian boat only a few days ago.

"Nevertheless, Japanese newspapers write mostly or even exclusively about the Soviet supplies, not desiring to realize that as long as war is not officially declared and there still does not exist a special international agreement on abstention from trade in arms. this trade will take place and Japanese claims will remain purposeless."

Outer Mongolia as a Protectorate of the Soviet Union

The *Tokyo Asahi* Dec. 27 printed a telegram from Shanghai correspondent quoting a report made by "a certain section of the upper circles of the Chinese Government, which contained the following paragraph:—"At present Outer Mongolia has a standing army of 185,000. This force can be increased to 350,000 in wartime. Outer Mongolia has 5,500 airmen trained by the Soviet Union. The big forests and huge plain in Outer Mongolia would form great barriers to the military operations of the Japanese Army."

The Japanese correspondent commented:—"The Chinese report regards Outer Mongolia as a protectorate of the Soviet Union and caters for the Soviet Union to solicit Soviet assistance. A section of China is already in high spirits propagandizing a southward advance of the Outer Mongolian army. An atmosphere of opposition against the policy of the National Government to render Sino-Soviet relations more intimate and positive is brewing, and this is considered to intensify the crisis of the split of the National Government."

The Japanese message mentioned that China is recalling its Ambassador to Moscow, Ting Fu-tsiang, and intends to replace him with Mrs. Sun Yat-sen and thereby render Sino-Soviet relations more intimate. The young men of China and the majority of the leaders of the Chinese Government expect much positive assistance from the Soviet Union and are propagandizing daily the activities of the Outer Mongolian army, the *Asahi* correspondent said.

All-Union People's Commissariat for Naval Affairs to Be Formed in U.S.S.R.

The Central Executive Committee of the Council of People's Commissars of the U.S.S.R. Dec. 31 decided to form an All-Union People's Commissariat for Naval Affairs and transfer into its competence the naval forces of the workers' and peasants' Red Army, detaching them from the body of the People's Commissariat of Defence of the U.S.S.R.

The Central Executive Committee of the U.S.S.R. has appointed Smirnov as People's Commissar for Naval Affairs of the U.S.S.R., releasing him from his duties of Assistant People's Commissar of Defence of the U.S.S.R. and the head of the political administration of the workers' and peasants' Red Army; also appointed Mekhlis Assistant People's Commissar of Defence of the U.S.S.R. and head of political administration of the workers' and peasants' Red Army.

The Central Executive Committee of the Council of People's Commissars of the U.S.S.R. conferred upon Smirnov the military title of Army Commissar of First Rank; upon Mekhlis—of Army Commissar of Second Rank; on Shchadenko—Army Commissar of Second Rank.

It will be recalled that recent messages have indicated that the Soviets are very materially increasing their naval strength at Vladivostock, submarines being sent overland in sections and assembled there. The Naval airforce is also being steadily augmented.

Japanese Stage First Air Raid on Hankow and Hanyang

Staging their first raid on Hankow since the removal to that city of the main offices of the Chinese Government, a fleet of Japanese bombers attacked the Hankow airdrome and the Hanyang Arsenal Jan. 4. A Chinese 'plane was shot down while engaging a Japanese machine in the air, while three obsolete 'planes and one medium-sized bomber were set on fire while aground at the airdrome, where there were at least 20 'planes when the raid occurred.

The casualties, so far as is known at present, were three persons killed and 16 injured, all Chinese. Two of the victims were killed and five injured in Hankow, and one was killed and 11 were injured in Hanyang.

During the raid, the Lewis-gun crews of the British gunboats in the river were at their posts ready for action if their ships were attacked, but nothing happened.

None of the Japanese 'planes was brought down during the raid. More than eight Chinese fighting 'planes were in the air engaging the raiders, though not while they were flying over the city.

Several of the Chinese 'planes were piloted by Soviet aviators, whose machines were capable of flying at more than 300 miles an hour. Observed in the sky, they were considerably faster than the Japanese 'planes, but they did not try to intercept the raid while the visitors were over the city. Instead they waited until the Japanese machines disappeared, then gave rapid chase. This raid is probably only one of many to come. The Japanese 'planes rained over 70 small bombs on the airdrome and the Hanyang arsenal. The majority of them fell on or near the airdrome, but the damage, considering the number of bombs dropped, was comparatively slight. The accuracy of the visitors was disturbed by the height at which they flew, as craters were dotted all around the air field, on which only a few missiles actually landed.

Soviet Volunteers Arrive to Join Chinese Air Force

A *Kuo Min* message from Canton Jan. 4 stated that more than a hundred Soviet Russian Volunteers have arrived in China to join the Chinese Air Force. Many Soviet airplanes were recently shipped to Lanchow, provincial capital of Kansu, Sian, provincial capital of Shensi, and Hankow. Some of the volunteer aviators have just come to Canton. On their shirts are embroidered, in red silk thread, the words "Volunteers to China."

Interviewed, these Russian aviators declared that they were not sent to China by the Soviet Government, but have come of their own accord to enlist in the Chinese Air Force as volunteers. They said that they studied the *San Min Chu-I* (Three People's Principles) at the Sun Yat-sen University in Moscow, and they are convinced that the *San Min Chu-I* can not only save China but also assist in promoting world peace.

American Aviator Shoots Down Nippon Plane?

"I think I got one," said a foreign aviator who piloted a Chinese airplane during the raid on Hankow Jan. 4. The aviator, who is believed by *Reuter* to be an American, told the story of how he waited for the Japanese to leave Hankow. Flying at a height of from 12,000 to 13,000 feet, he encountered Japanese 'planes on the way back to their bases, a few miles east of the city. He dived down and opened up both his machine-guns. The Japanese craft immediately zomed down and, disappearing into the clouds, was lost to sight.

Chinese Pilots Lack Daring of Japanese, Says Famed Nipponese Ace

Returning to Tokyo Dec. 29 from Shanghai to receive the plaudits of an admiring nation, Lieut. Shigeaki Nango, ace flier of the Japanese naval airforce, paid tribute to the fighting craftsmanship of Chinese planes but said their pilots lacked the dare-devil courage of the Japanese and would attack only when in superior numbers.

Japanese Planes Raid Canton on New Years' Day

Japanese naval fliers Jan. 2 raided a wide area along the Canton-Hankow and the Canton-Kowloon Railways, destroying large sections of tracks. Other naval airmen in "more than 30" fighting craft launched a vigorous raid on Nanchang, the strongest Chinese military base in Kiangsi. According to *Domei*, the Japanese airmen "celebrated" New Year's day with seven raids on Canton, all of them between the hours of 9.30 and 11.30 a.m.

A fleet of 40 Japanese airplanes raided Canton Dec. 30. Eighteen airplanes dropped bombs on the western suburbs, some landing on two American missionary schools, the Huamei and Hsiehhu Middle Schools. More than 30 persons in the area were killed, including five children.

Four Japanese Warships Anchor off Wangkum Island

Four Japanese warships, including one cruiser and three destroyers, anchored off Wangkum island, south of Macao, Dec. 29. The Japanese marines who landed on Tuesday in the meantime are engaged in the erection of an airfield on the island.

Kwangtung Prepared for Nippon Attack, Wu Te-chen Claims

The governor of Kwangtung, Wu Teh-chen, declared in an interview in Hongkong Jan. 4 that the Japanese would encounter extremely stiff resistance if they should launch an offensive in South China. The governor pointed out that the Chinese authorities in Kwangtung have made thorough preparations to meet the Japanese attack. A large number of recruits had been enlisted and some 800,000 rifles had been distributed among the population. The Japanese would therefore encounter in South China the stiffest resistance by which they had been confronted in other parts of China.

Many in Kwangtung Said Unaware of Existence of Conflict

There are many hamlets in Kwangtung where the people had not yet heard of the current Sino-Japanese hostilities, a correspondent reported to the *Hongkong Telegraph* Dec. 30. Thousands of men, he said, are receiving military training under officers dispatched to towns and larger villages by the Provincial Government.

Japanese Bombers Raid Hsuchow, North China Railway Junction

Four Japanese airplanes, taking off from an aircraft carrier moored off Jihchao, southeastern Shantung, raided Hsuchow, the junction of the Tientsin-Pukow and Lung-Hai Railways, Dec. 29. Bombs were dropped on the northern and eastern suburbs of the city, destroying over 20 houses and a passenger coach. The raiders were driven off by Chinese anti-Aircraft fire. One of the four airplanes was damaged but managed to escape. Flying eastwards, the Japanese airplanes also raided Sunkiashan near Lienyunkiang, the eastern terminus of the Lung-Hai Railway in northeastern Kiangsu, damaging the railway tracks and telegraph and telephone wires.

"Japanese of Formosan Extraction" Assaulted by Mob in Hongkong

Two Japanese of Formosan extraction and one Chinese were seriously injured during a mob attack on New Year's Eve in Hongkong. The three men were assaulted by an anti-Japanese group of about 40 Chinese as they were about to remove 40 cases of printing machinery from a Kowloon godown at night. The assailants, Japanese consular authorities alleged, attempted to seize the cases because they contained Japanese "enemy" goods. The Formosans, named Wang Tsu-chou and Lin Shih-ching, were formerly owners of a printing plant in Amoy. Japanese consular officials have requested the British authorities in Hongkong to take vigorous action against the trio's assailants.

Decorations Conferred on Chinese Aviators on New Year's Day

Decorations for distinguished service in military aviation were conferred on more than 40 members of the Chinese Air Force on New Year's Day "somewhere at the front" by General Chiang Kai-shek, it was officially announced in Hankow Jan. 4. In the course of a brief address, General Chiang expressed appreciation of the meritorious services rendered by the Air Force in the course of the past few months in collaboration with the Army and the Navy. He exhorted the members of the Air Force to continue and redouble their efforts in the future. The decorations were presented to the aviators by Madame Chiang Kai-shek, Secretary-General of the Aviation Commission.

Alaskan Fishermen and Canadians Oppose Japanese Activities

The magazine *Business Week* (New York) for Nov. 13 told of growing antagonism on the West Coast against two phases of Japanese enterprise—fishing and lumbering. The Alaskan Fishermen's Association has demanded that the State Department bring pressure on Japan to prevent Japanese "poaching" on the salmon fisheries of Bristol Bay, Alaska. The organization claims that the Japanese have already ruined the cod and crab fishing grounds and are now starting in on salmon with similar intent. As a result of American conservation policies the salmon fisheries are now worth U. S. $20,000,000 a year. The Alaskan Fishermen's Association, which is affiliated with the American Federation of Labor, claims that the Japanese floating canneries set their nets in such manner as to prevent the fish from entering the rivers for spawning purposes.

As for the west coast Canadians, they charge that the monopolistic Nippon Soda Company, a pulp concern, has leased large tracts of British Columbian Crown timber lands and is engaged in cutting the timber and shipping the logs directly to Japan. Previously the Japanese purchased the pulp in Canada, thus providing labor for large numbers of Canadians, but the shipment of the logs directly to Japan has deprived Canada of the manufacturing process. According to the report it is planned to enact laws forbidding sales of Crown timber to foreigners, except in the form of finished lumber or pulp.

Chinese Customs Revenue Greater in 1937 Than in Previous Years

The Customs Revenue of the Chinese Maritime Customs for 1937, composed of Import and Export Duties, Interport Duty (and Interport Surtax), Tonnage Dues, Flood Relief Surtax and Revenue Surtax, amounted to approximately $342,900,000, as compared with $324,630,000 for 1936.

This information is contained in the Statement of Chinese Maritime Customs Revenue Collection for the year 1937 submitted by Sir Frederick Maze, Inspector General of Chinese Maritime Customs, to His Excellency the Minister of Finance of the National Government of the Republic of China and released for publication through the *Kuo Min News Agency*.

The following is a complete statement of the Customs Collections for the year 1937 as compiled by Sir Frederick Maze, Inspector General of Chinese Maritime Customs.

Revenue Collection—The Customs Revenue for 1937, composed of Import and Export Duties, Interport Duty (and Interport Surtax), Tonnage Dues, Flood Relief Surtax and Revenue Surtax, amounted to $342,900,000, approximately, as compared with $324,630,000 for 1936. (Year-end collections made at Soochow and Hangchow are not included in the figure for 1937, owing to the non-receipt of reports from these two ports). The contribution under each heading towards this total, as well as the corresponding figures for 1936, are shown below:—

	1937	1936
Import Duty	C.G.U.115,780,000	C.G.U.112,840,000
	(= $ 261,290,000)	(=$ 254,540,000)
Export Duty	$ 29,070,000	$ 24,470,000
Interport Duty (and Interport Surtax):	$ 20,150,000	$ 13,690,000
Tonnage Dues:	$ 3,220,000	$ 4,030,000
Flood Relief Surtax:		
On Import Duty:	C.G.U. 5,780,000	C.G.U. 5,620,000
	(= $ 13,040,000)	(= $ 12,660,000)
On Export Duty:	$ 1,550,000	$ 1,300,000
Revenue Surtax:		
On Import Duty:	C.G.U. 5,770,000	C.G.U. 5,610,000
	(= $ 13,030,000)	(= $ 12,640,000)
On Export Duty:	$ 1,550,000	$ 1,300,000

Of the total Import Duty Collection of C.G.U. 115,780,000, 71% was collected in actual gold unit drafts or notes and the balance was collected in local currency according to exchange rates ruling on the date of payment of duty.

The collections made at the principal revenue-producing ports during the year 1937, and the respective increases decreases when compared with the collections for 1936, are as follows:—

Port	*Collection 1937*	*Increase (Against 1936)*	*Decrease*
	$	$	$
Chinwangtao	1,610,000	370,000	
Tientsin (including Peiping Office)	33,390,000	—	2,130,000
Chefoo (including Lungkow and Weihaiwei)	3,730,000	—	870,000
Tsingtao	24,310,000	4,000,000	—
Hankow	25,830,000	1,950,000	—
Shanghai	142,110,000	—	6,760,000
Amoy	5,300,000	—	160,000
Swatow	8,940,000	2,110,000	—
Canton	12,850,000	1,930,000	—
Kowloon	16,480,000	7,360,000	—

The total collection for the first seven months of the year 1937, amounting to $262,260,000 approximately, constitutes a record collection for such a period, and provides ample justification for the assumption that if hostilities had not broken out in the North in July 1937 and at Shanghai in August 1937 the record collection of $388,510,000 made in the year 1931 would have been exceeded by this year's collection.

Foreign Loans Service.—The service (1) of the Anglo-German Loan of 1898, (2) of the Boxer Indemnity obligations and (3) of the 1913 Reorganisation Loan has been provided for in full from the Customs Revenue during the year at a total cost of $76,911,283.76, as compared with $76,728,395.72 expended on the same account during 1936. The service of the Consolidation Note of the American Wheat and Flour Loan of 1931 and American Cotton and Wheat Loan of 1933 was met in full from the collection of Flood Relief Surtax, at a total cost of $8,726,002.73.

Internal Loans Service.—A total sum of $129,141,462.50 has been handed over to the National Loans Sinking Fund Administrative Commission for the service of Internal Loans secured on the Customs Revenue. Obligations under this heading include (1) the 25th Year Consolidation Loan of $1,460,000,000, (2) the 25th Year Recovery Loan of $340,000,000 and (3) the 17th Year Long-term Currency Loan of $45,000,000.

Manchurian Ports.—It should be noted that, subsequent to the seizure in mid-1932 of the Customs establishments at the Manchurian ports, no quota has been made available to the Chinese Government from that region, or from Dairen, towards the payment of the various Loan and Indemnity obligations secured on the Customs Revenue.

Tariff Rates in North China Cut Drastically

The import duty on ten articles of wide consumption has been drastically reduced by the Tientsin Peace Maintenance Commission, the *Chugai Shogyo*, a leading commercial daily, reported in Tokyo

Parrish in the Chicago Tribune

Nov. 25. The favored items were: rice, flour, sugar, tobacco, cement, cereals, tin plate, marine products, petroleum and paper. The new rates went into effect on Nov. 20. The duty on sugar, according to the journal, was reduced from Yen 14.50 to Yen 4.80 per 100 lbs., while the duty on flour was slashed to Yen 0.10 from Yen 0.64 per bag.

U. S. State Department Closely Watches China Customs Situation

A *Havas* message from Washington Dec. 30, stated that the State Department is awaiting a report from Shanghai on the situation of the Chinese Maritime Customs Administration. A report was requested following information indicating that Japanese goods were entering the country duty free.

Imports Into China During October Showed Heavy Drop

China's import trade during the month of October, 1937, showed a drop of more than $45,000,000 when compared with figures for the same month in 1936.

The nation's imports for the month under review fell to $36,333,773 as compared with $81,871,650 for the same month the year previous, or a total decline of $45,537,877.

Exports, however, fared considerably better. The total for the month reached the impressive figure of $48,733,781, as compared with $59,174,398, a drop of $10,440,617. Under existing conditions, this decline was not as heavy as originally expected.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

Nov. 28.—Gen. Tang Sheng-chih, Nanking Garrison Commander, advised foreigners to leave the capital, stating "Nanking may be a battle-ground in the near future." Gen. Tang reiterated Chinese determination to defend Nanking.
An official statement warned all shipping on the Yangtsze to proceed above Nanking before Nov. 30, to avoid being trapped below the boom near Chinkiang.

Nov. 28.—15 American and British nationals in Chinkiang boarded the British gunboat **Aphis**, as Japanese planes bombed the Yangtse River port. Over 140 bombs were dropped during the raid. A second boom had been constructed at Chinkiang to prevent Japanese warships proceeding up the Yangtsze.

Nov. 28.—The American Ambassador **Nelson** T. Johnson and the British Charge d'Affaires, R. G. Howe arrived at Hankow.

Nov. 28.—Canton city and the Canton-Kowloon Railway bombed by **Japanese**.

Nov. 28.—Kiangyin Forts still remained in Chinese hands despite heavy pounding of Japanese artillery. Japanese military authorities claimed that Japanese troops south of Taihu had crossed the Anhwei border and were driving towards Kwangteh. Szean, a village six kilometers inside the Anhwei border, was said to have been captured. It was believed that the Japanese were aiming at Wuhu, Yangtsze port in southern Anhwei, with a view to cutting the Chinese defenders of Nanking from the rear.

Nov. 28.—The Shanghai Telegraph Office of the Ministry of Communications, the radio station XQHC and the Chinese Press Censorship **Bureau** were all taken over by Japanese authorities.

⁂

Nov. 29.—According to Japanese reports, Japanese forces had captured in quick succession Kiangyin, Changchow and Ihsing. The reports stated that Japanese forces were converging on Nanking by four routes and were making rapid advance in their drive. Japanese units operating south of Taihu were said to have reached a point 15 kilometers of Kwangteh, first important Chinese stronghold in Anhwei.

Nov. 29.—Putai, in northern Shantung, was recaptured by Chinese mobile units. Recovery of Kiehsiu in Shansi also reported.

Nov. 29.—Wang Ching-wei in speech at Hankow appealed for further sacrifices to cope with the Japanese aggression. He said, "We must all resolve to lay down our lives for the attainment of victory."

Nov. 29.—British, American and French envoys at Tokyo made representations to the Japanese Government against its actions in connection with the Chinese Maritime Customs at Shanghai.

⁂

Nov. 30.—Determined to defend Nanking, Chinese forces had completed preparations of an arc-shaped defense line located 75 kilometers east of the city, beginning at Chinkiang, passing through Tanyang, Kintan, Liyang to Langki in Chekiang.
Capture of Kwangteh claimed by Japanese, but unconfirmed in Chinese circles. Brisk fighting continuing at Penniu, some 15 kilometers west of Changchow, on the Nanking-Shanghai Railway.
General Chiang Kai-shek, inspected the defences around Nanking. Mayor Ma Chao-chun declared that public utilities would continue to be maintained until the plants were put out of action.
Art treasures in Nanking were being removed to the interior.

Nov. 30.—Japanese Embassy spokesman announced that areas north of Soochow Creek would be re-opened for foreign residents on December 15.
Shanghai International Red Cross opened drive for $100,000 for war refugees.
The **Romolo** and the **Lido**, two tugs flying Italian colors, sezied by Japanese bluejackets.
Japanese spokesman at press conference explained that the cause of many fires in Nantao was the burning of dead bodies found in that area.

Nov. 30.—Loling, in Shantung and Pingyao, in Shansi reported recovered by Chinese troops.

Nov. 30.—A spokesman of Chinese Foreign Office at Hankow declared to **Trans-Ocean** that China's will to resist to the last was unbreakable.

Nov. 30.—Sun Fo, T. V. Soong and O. K. Yui arrive in Hongkong, according to Japanese reports.

Nov. 30.—Japan's war-time budget for 1938-39 amounting to Y.2,868,000,000 was approved by cabinet.

⁂

Dec. 1.—According to Japanese reports, Japanese forces on the Nanking-Shanghai Railway line were nearing Tanyang, while those operating in Anhwei province were driving rapidly toward Langki, (Chekiang). to the west of Kwangteh. Chinese reports still failed to confirm the fall of Kwangteh, but admitted that severe fighting was raging in the vicinity of Ihsing.
In an attempt to prevent Japanese troops reaching Wuhu, the Chinese had blown up bridges between Kwangteh and Wuhu.
General Chiang Kai-shek was still in Nanking, despite reports to the contrary. Dec. 1. Chinese Government spokesman at Hankow declared to **Trans-Ocean** representative that Nanking would be defended. He quoted General Chiang Kai-shek as having said: "China loses everything if she yields to Japan but wins everything if she resists."

Dec. 1.—Warning said delivered by Japanese Consul-General in Hongkong to Hongkong authorities, asking for complete suppression of anti-Nipponese activities.
Large number of Japanese troops said landed at Chikkai on Kwangtung coast.

Dec. 1.—Japan "considering" taking over Chinese customs administration, stated Foreign Minister Hirota, according to **Domei** dispatch from Tokyo.

Dec. 1.—**Reuter** dispatch from Milan stated that an article, published in **Il Popolo d'Italia**, and beliebed written by Signor Mussolini himself, advised China to appeal to Japan for peace. This hint, though unofficially made, was considered politically significant in view of recent close contacts between Signor Mussolini and Japanese visitors to Rome.

Dec. 2.—Dr. Oskar Trautmann, the German Ambassador to China, arrived in Nanking from Hankow and allegedly offered peace terms to General Chiang Kai-shek. The German offer for peace between China and Japan said including:
1. A definite assurance from Japan that she has no territorial ambitions in North China, and merely desires economic co-operation with China.
2. China should participate in the anti-Comintern pact.
3. Japanese troops should be withdrawn from Chinese territory.

Dec. 2.—Recapture of Kwangteh and Szean claimed by Chinese forces. Chinese troops still held out at Kiangyin Forts. The boom at Kiangyin also said unbroken.
Two Chinese light bombers flew over Shanghai and bombed Woosung, according to Japanese reports.
Japanese military authorities confirmed report that Japanese army units would march through the International Settlement at noon tomorrow.

Dec. 2.—Japanese Consul-General at Hongkong denied warning to Hongkong authorities, saying he was "misquoted."

Dec. 2.—86 children were killed at Kashing during Japanese air raid that city on November 8, according to two Lazarist Fathers Dulois and Nonannatte, who recently arrived at Shanghai from Kashing.

Dec. 2.—Japanese planes raided Nanking and Canton.

⁂

Dec. 3.—Japanese army units paraded through International Settlement at noon today as was scheduled. A hand-grenade was hurled at a passing Japanese column shortly before 1. p.m. near the Sun Sun Department store on Nanking Road, injuring four Japanese soldiers and one British police sergeant. The tosser of the missle was shot and killed by Chinese policeman on duty, but his nationality, whether Chinese or Korean, was not known. Immediately after the incident, a party of Japanese soldiers occupied the area surrounding the scene of the incident. They were finally withdrawn after 9 p.m.

Dec. 3.—Japanese forces claimed capture of Tanyang and and advances in Anhwei. Kiangyin forts had been

abandoned, according to Chinese reports. Chinese forces said firmly holding their defence line from a point west of Tanyang to Kwangteh.

Dec. 3.—Nanking Safety Zone Committee received word from Japanese authorities through Father Jacquinot that they could not agree to the committee's request for safe refuge.

Dec. 3.—Panchen Lama, former spiritual ruler of Tibet, died near **Jyekundo**, western China, on November 30, according to **Reuter** reports.

Dec. 3.—Japan determined to wipe out operation bases of Chinese Government and to accelerate the birth of new regimes in various parts of the country, declared Foreign Minister K. Hirota Nov. 30, according to **Reuter** dispatch from Tokyo.

Dec. 3.—Airmail and passenger service linking Sian and Hanoi had been inaugurated by the Eurasia Aviation Corporation, according to Chinese reports.

Dec. 3.—Four Japanese planes and one Chinese craft were shot down in Nanking when the former raided the city yesterday (Dec. 2).

Dec. 4.—Japanese military spokesman stated Japanese forces were now about 60 kilometers from Nanking, advance guards said heading toward Kuyung.

Dec. 4.—Two Japanese planes shot down in Nanking during Japanese raid over the capital yesterday (Dec. 3),—the 11th since the beginning of hostilities. Japanese claim bagging 11 Chinese planes.

Dec. 4.—S. M. C. issued statement on Nanking Road incident during Japanese military parade, declaring that no agreement was entered into on the night of Dec. 3 between the Commissioner of Police and Japanese military representatives.
Five Japanese military trucks proceeding to Nantao along the Bund were halted at the eastern end of Avenue Edward VII by French Police, reason of refusal being lack of a pass. Finally the trucks were allowed to pass the French Police cordon with French policemen riding with the trucks.

Dec. 4.—Wang Ching-wei declared at Hankow: "China must face the crisis with bitter determination, undaunted by the temporary successes of the Japanese." He appealed to the country to keep up courage during the crisis.

Dec. 4.—O. K. Yui, Mayor of Shanghai, and many other Chinese leaders left Hongkong yesterday for Hankow.

Dec. 4.—British Embassay officials headed by R. G. Howe and some 40 British nationals left Hankow for Shanghai via the Canton-Hankow Railway.

Dec. 4.—British passenger vessel, the **Siushan**, machine-gunned off Tsungming Island by unknown party. Chief mate of the vessel was killed and boatswain injured. The boat was forced to return to Shanghai.

Dec. 5.—The German Ambassador, Dr. O. Trautmann, returned to Hankow from Nanking, where he conferred with Gen. Chiang Kai-shek on possible peace between China and Japan. Gen. Chiang reported to have told the German envoy that peace negotiations were impossible so long as Japanese forces continued to exert armed pressure against China.

Dec. 5.—**Reuter** confirmed that Gen. Chiang Kai-shek still remained in Nanking, despite reports that he had gone to Kuling.
Japanese forces pressing towards Nanking, where gunfire began to be heard since yesterday (Dec. 4). Heavy fighting was continuing near Kuyung, 22 miles south-east of Nanking. The main Chinese force now concentrated south-east of Chinkiang with one division fighting rear-guard action between Chinkiang and Tanyang.

Dec. 5.—American nationals in Nanking warned by United States Consulate to be prepared to evacuate at short notice.

Dec. 5.—Two British steamers, the **Tatung** and the **Tuckwo** badly damaged by bombs near Wuhu, when Japanese planes raided that port. The British naval vessel, **Ladybird**, was also hit by shrapnel.

Dec. 5.—British Embassy party arrived at Canton from Hankow en route to Shanghai via Hongkong. The British Ambassador Sir Hughe Knatchubull-Hugessen would proceed to London on Dec. 11, it was officially announced in Hongkong.

Dec. 5.—The so-called "Ta Tao (Great Way) City Government of Shanghai" was formed with Su Hsi-wen, a Fukienese, as "Mayor." with offices at the former police bureau in Pootung.

Japanese Threaten to Take Control of Shanghai Government Organs

Four high Japanese officials, representing the army, navy and the Foreign Office called on C. S. Franklin, chairman of the Shanghai Municipal Council Jan. 4 and "warned him that the Japanese Expeditionary Force may be compelled to take steps, as occasion requires, to ferret out anti-Japanese elements in the Settlement." The officials were Suemasa Okamoto, Consul-General, Colonel Sanetaka Kusumoto, representing General Iwane Matsui, commander-in-chief of the Japanese Expeditionary Force, Captain Risaburo Fujita, representing Vice-Admiral Kiyoshi Hasegawa, and Noritake Yoshioka, senior Japanese consul. For the S.M.C., Harold Porter, vice-Chairman, Stirling Fessenden, Secretary-General, and Godfrey Phillips, secretary, were present.

Mr. Okamoto told Mr. Franklin that the Japanese authorities regarded the recurrence of anti-Japanese incidents as the result of the inefficacy of the Council's efforts to suppress anti-Japanese elements.

The Japanese Expeditionary Force, Mr. Okamoto said, is "constrained to feel" that the Municipal authorities "lack earnestness or ability" to meet the Japanese demand for the suppression of subversive elements.

The final report of the *demarche* emphasized that Mr. Okamoto had stated that the Japanese Expeditionary Force might be forced to extirpate the anti-Japanese groups from the Settlement "thus making it a safer place to live in."

Under these circumstances, the official said, the Municipal Council is requested to take "appropriate measures" to eradicate the anti-Japanese elements and to exercise rigid control of anti-Japanese newspapers. As an essential means of achieving the desired objectives, the Japanese authorities were reported to have asked the Council to take the following steps:

1.—Increase the number of Japanese members of the Shanghai Municipal Police and raise their status and authority; and

2.—Place Japanese in controlling positions in all important organs of the Municipal Council.

During the course of the interview, Mr. Okamoto was said to have called Mr. Franklin's attention to the fact that in the Chinese newspapers of January 1 opposition had been declared to the formation of the Shanghai Citizens' Federation by the General Labor Union, the Chinese Chamber of Commerce and the Special Citizens' Federation.

These organizations, Mr. Okamoto was said to have asserted, have long been engaged in anti-Japanese agitation. For this reason, it was stated, Mr. Okamoto requested that the Council take "immediate steps" so that these bodies would retract their statement and advertise their retraction in the press and that they henceforth be kept under the "rigid surveillance" of the Municipal Council.

The Japanese authorities, Mr. Okamoto further informed Mr. Franklin, regarded the recent anti-Japanese incidents in the Settlement as "a matter of serious concern and regret."

In view of the importance of the proposals, Mr. Franklin made no immediate reply, promising to make a thorough study of the matter.

A number of questions regarding the representations were asked during the course of the afternoon press conference Jan. 5. He was asked if the reference to a control of anti-Japanese newspapers was made in connection with any of the foreign papers. The spokesman replied that "we will have to leave that to your own judgment."

German Church in Taian Bombed by Japanese

Great dissatisfaction has been aroused among German officials by the bombing of the German church in Taian by Japanese planes, a message from Taian in the *Sin Wan Pao*, Dec. 29 stated. On December 24 the German church in that city was bombed by these planes, being destroyed. No one was injured. It is reported that the German officials have made representations to the Japanese authorities in Tientsin.

American Missions in Canton Bombed by Japanese

Two American Mission institutions, the Wahnei School and the Union Girls School, in Canton, suffered slight damage when four bombs exploded in their compounds during an intensive air raid by Japanese bombers on the afternoon of Dec. 30. Thousands of dollars worth of medical supplies which recently arrived from the United States were reported to have been completely destroyed.

Chinese Forces Retire from Tai-An After Stiff Resistance

After offering stubborn resistance against the Japanese troops, the central column of the Chinese forces defending Tai-an, the provisional seat of the Shantung Provincial Government, 45 miles south of Tsinan, effected a strategic withdrawal southwards to Tawenkow (18 miles south of Tai-an), a *Kuo Min* message from Hsuchow Jan. 3, stated.

Who's Who in China

Samuel H. Chang, insurance business; born at Swatow, Kwangtung; after graduation from the Anglo-Chinese College in Swatow, he went to U.S.A., where he attended Franklin High School, Seattle, Washington; received undergraduate training at Haverford College, Haverford, Pennsylvania, from which he graduated with B.S. degree; studied journalism in the Pulitzer School of Journalism, Columbia University, New York City; returned to China in 1924 and joined the *North China Star*, Tientsin, first as reporter and later as news editor; joined Soochow University as a member of the Faculty, Soochow, 1925; appointed first secretary in the Special Bureau of Foreign Affairs for Kiangsu, 1927; re-entered the field of journalism as managing-editor of the *Kuo Min News Agency*, Shanghai, from which he left to become managing-editor of the *China Press*, 1930; appointed Director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs in 1932 by Eugene Chen and served in the same capacity under Lo Wen-kan; during the Sino-Japanese negotiations after the Shanghai War of that year, he served as principal assistant to the Chinese Delegation and conducted negotiations following the student attack on the Chief Delegate, Quo Tai-chi; since resignation from the Foreign Affairs Ministry, he has been engaged in insurance business, being now superintendent of agencies of the Asia Life Insurance Company in Shanghai; address: Asia Life Insurance Company, 17 The Bund, Shanghai.

Samuel H. Chang
(Chang Shih-hsueh)
張似旭

Linclon Dsang Lin gao
(Chang Lin-kao)
張凌高

Lincoln Dsang Lin-gao, university president; born at Bi Shan, Szechwan, April 14, 1890; B.A. West China Union University; M.A. Northwestern University, Chicago, U.S.A.; B.D., Hon. D.D. Garrett Theological College; Ph.D. Drew University; pastor at Tze Chow Church, 1923-27; vice-President, West China Union University, 1927-32; President, West China Union University, since Sept. 1933; address: West China Union University, Chengtu, Szechwan.

Chinese Government Is Reorganized So as to Increase Anti-Japanese Effort

A *Reuter* message from Hankow, Jan. 2 stated that reorganization of the Chinese Government for the express purpose of increasing the efficiency of China's anti-Japanese war machinery has been decided by the National Defence Council, the highest governing body in the country in the present "emergency period."

Dr. H. H. Kung, Minister of Finance, has been appointed President of the Executive Yuan (Prime Minister) in place of General Chiang Kai-shek, who will thus be enabled to devote his entire attention to military affairs.

Dr. Wang Chung-hui, Minister for Foreign Affairs, has been made vice-President of the Executive Yuan.

Chen Li-fu, writer, lecturer and author, who has played a prominent part in many popular movements, has been appointed Minister of Education in succession to Wang Shih-chien.

The Ministry of Railways, of which Chang Chia-ngau is Minister, has been absorbed into the Ministry of Communications, with Mr. Chang as Minister.

General Yui Fei-peng, the outgoing Minister of Communications, has been appointed chief of the military transportation department of the Generalissimo's headquarters.

The Ministry of Industries, the National Economic Council and the National Reconstruction Commission have been combined into a newly-created Ministry of Economic Affairs, with Oong Wen-hao, formerly Secretary-General of the Executive Yuan, as Minister. Mr. Oong was Assistant Delegate to the Coronation of King George VI and Queen Elizabeth.

About fifteen Ministers without portfolio have been appointed. They include the leaders of various political factions, and will have the right to attend meetings of the Cabinet.

Shao Li-tzu, Director of the Central Party Publicity Department, has despatched a message of condolence to the family of the late Hsiao Han-chu, the courageous editor of the *Hsing Hua Jih Pao*, daily newspaper in Nanking, who was killed during a Japanese aerial bombardment at Pukow, Dec. 11.

Dr. Wang Chung-hui, Minister of Foreign Affairs, returned the official call on M. Ivan Luganets-Orelsky, the new Soviet Ambassador, at Hankow Dec. 30.

Chou Chung-yao, member of the Yunnan Provincial Government, arrived in Chengtu Dec. 28 from Yunnan by airplane in the company of Hu Tao-wen, representative of the Szechuan Provincial Government at Kunming (Yunnanfu).

The 343rd meeting of the Executive Yuan was held in Chungking Dec. 28 under the chairmanship of Dr. H. H. Kung, Vice-President of the Yuan, in the absence of General Chiang Kai-shek, he President.

The 61st meeting of the Standing Committee of the Central Executive Committee was held under the chairmanship of Ting Wei-fen, member of the Standing Committee, in Chungking Dec. 30.

Chou Chung-yao, member of the Yunnan Provincial Government Committee, arrived in Chungking Dec. 31 from Chengtu by airplane. Mr. Chou later made an official call on President Lin Sen to report on behalf of General Lung Yun, Chairman of the Yunnan Provincial Government. He will remain in Chungking for a fortnight to confer with the various leaders of the Central Government.

A National Government mandate issued at Chungking Dec. 28 appointed Chen Hsi-chou as Officiating Judge and concurrently President of the Hwangpei District Court, in Hupeh province; Huang Ta-hsi was appointed Officiating Judge of the Hankow District Court, in Hupeh province.

Chiao I-tang, President of the Supreme Court under the Judicial Yuan, arrived in Chungking Dec. 30 from Hankow on board the s.s. *Fu Hua*. He was accompanied by Liu Shang-ching, recently Chairman of the Anhwei Provincial Government and newly appointed Adviser to the Executive Yuan; Dr. Ma Yin-chu; Chairman of the Finance Committee of the Legislative Yuan, and more than 40 senior staff members of the Suprmee Court.

Many Changes in French Consular Service in China

Promotions in the French Consular corps in China have been announced as follows: Charles Lepissier, Consul at Tientsin, has been promoted to Consul-General. M. Reynaud, Consul at Harbin, becomes a Consul of the first class; M. Blondeau, Consul at Hankow, has been promoted to Consul of the second class; M. Rhein, First Secretaryf or Chinese Affairs at the French Embasy in Peiping, has been named Consul of the second class.

"The Fan Is Forsaken In Winter."

This typical Chinese saying is used to illustrate that there are things which are very useful at one time yet are entirely useless at another. But it does not apply to Pinkettes, the perfect little laxative liver pills, which are equally helpful to men and women, old and young, throughout every part of the year.

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Men and Events

Dr. O. Fischer, well known Italian attorney, has returned to Shanghai from an extended trip to Italy and elsewhere in Europe.

Dr. Wm. E. O'Hara, who has been ill at the Country Hospital for several weeks, has recovered and resumed his practice at his new residence, No. 12 The Bund.

The Central Daily News, leading Party journal in Nanking, which suspended work following the fall of the Capital, resumed publication in Changsha on New Year's Day.

Geo. W. Missemer, who has been assistant editor of *The Review* for the past decade, will, by mutual consent, sever his connection with this journal at the end of this month.

J. V. Crowe, manager of the Ford Motor Company, Exports, Inc., who has been home on leave, has returned to Hongkong and is scheduled to return to Shanghai early next week.

The premises of the Chinese-American Publishing Co., in Nanking Road, Shanghai, were entered by burglars over the week-end, when several thousand dollars' worth of books, fountain pens and stationery were stolen.

The American transport *Chaumont* sailed from San Francisco Jan. 5 with 600 soldiers to replace a portion of United States troops stationed at various points in the Far East. The *Chaumont* is also carrying Cmdr. James T. Alexander, new Governor of Guam.

The death occurred in Shanghai Dec. 31 of Mrs. J. H. McMichael, one of the oldest members of the local American community. She came to Shanghai as a bride in 1888. Her husband died in 1924. She is survived by her son, E. H. McMichael.

Laselle Gilman, author of a novel with a local setting, "Shanghai Deadline," and former city editor of the *Shanghai Evening Post*, sailed for the United States this week. After a visit at his home in Lincoln, Nebraska, Mr. Gilman plans to engage in newspaper work in Honolulu.

The Japanese naval authorities early this week announced that they would grant special facilities for the removal of coal stored above the Nantao boom to the foreign-governed areas. A special coal dealers' committee has been established, with offices in the Coal Department of the Mitsui Bussan Kaisha, which will make the necessary arrangements with the Japanese authorities.

Major-General A. P. D. Telfer-Smollett, Commander of the British forces in the Shanghai area, was made a Companion of the Bath, the British New Year's Honors list disclosed. The same honor went to Brigadier Alfred Henry Hopwood, Commander of the British troops in the Tientsin area. Chau Tsun-nin, of Hongkong, has been made a Commander of the Order of the British Empire.

The incident of a few weeks ago when an Italian soldier while practising target shooting accidentally shot and killed a mason who was building a kitchen for the Leper camp in Ferry Road, has been amicably settled by the handing of a check for $300 to the Chinese Mission to Lepers to be forwarded to the widow. Assurance was also given that no such rifle practice will be engaged in near the camp in future.

Due to the removal from Shanghai of some of its officers, the American Women's Club has found it necessary to fill some vacancies, and the list of officers is now headed by Mrs. Ivor E. G. Hunter, president. Other officials are, Mrs. K. E. Graham, first vice-president; Mrs. Owen L. Dawson, second vice-president; Mrs. E. W. Wise, correspondence secretary; Mrs. Harold Brown, recording secretary; and Mrs. J. Scott Emens, treasurer.

President and Mrs. J. H. Franklin, of the Crozer Theological Seminary, Pennyslvania (U.S.A.), have just made a generous donation to the Scholarship Fund of the University of Shanghai. The fund is given in memory of their daughter Carolyn, who died a year ago. It will enable the University authorities to help a number of worthy young women to complete their college studies during this emergency period.

The death occurred in Shanghai Jan. 2 at the age of 70 of M. J. Sterleny, prominent member of the local Russian community, head of the provision department of Getz Bros. & Co., pioneer American import firm in Shanghai. The deceased in his early days spent several years in the United States as an employe of a large Russian firm. He first came to the Far East before the Russo-Japanese war and prior to the Bolshevist Revolution was a prominent merchant in Vladivostok.

Wm. Joseph Collett Shoppee, manager of the firm of Parke, Davis and Company, manufacturing chemists, was fatally injured on Jan. 1 by falling down an elevator shaft in the Broadway Mansions apartment building. Not noticing that the elevator door had been removed while repairs were being made, Mr. Shoppee stepped into the open shaft and fell from the second to the ground floor. He was taken to the General Hospital where he died. Mr. Shoppee was 34 years of age.

A flag-raising ceremony was held on board the cruiser *Idzumo* at 8 a.m. on New Year's morning, followed half an hour later by a similar ceremony at the Japanese Consulate General, alongside of which the *Idzumo* is moored. The Consulate was bombed on several occasions by Chinese planes during the hostilities in the Shanghai area, and for the time being Consular offices had been established in the International Settlement. Business at the Japanese Consulate General in Hongkew was resumed on New Year's Day.

One of the results of the revision of the U. S. Government's method of granting subsidies, which went into effect at the beginning of this year, is that that the Dollar Steamship Line will curtail its Manila-New York service via San Francisco and Los Angeles, so that hereafter the service will only be maintained between Manila and California ports. There will be no change in the round-the-world Dollar Line service.

BRITAIN AND CHINA PREPARE AS JAPANESE SEIZE SOUTH CHINA COAST ISLANDS

(*Continued from page 149*)

counting the many thousands of peace preservation guards, the 200,000 able-bodied military reserves now under rigorous training in all parts of Kwangtung and the Police forces. During the regime of General Chen Chi-tang as Canton's Governor for some eight years he had trained a most efficient army in the south, so much so that in 1936 he and Kwangsi thought of challenging the Central Government. Today this well-armed force remains intact and is ready to defend the South.

In Canton despite persistent Japanese bombings, which in recent weeks were confined chiefly to military establishments outside the city proper and the main railways, the morale of the people and troops remains in excellent condition. The City Government is under the administration of Gen. Wu Teh-chen, once Shanghai's mayor. Recently many Italian aviators who resigned from the Chinese Government arrived in Canton on their way back to their home country. In their place there arrived in Hongkong yesterday many Russian aviators. The writer came into contact with a dozen of these young Russian airmen at a local hotel and all of them looked energetic and most enthusiastic about their work. They are waiting for orders to proceed to Hankow by train. It is not known whether any of them will remain in Canton to join in the defence of the southern capital but the Chinese newspapers give great prominence to the arrival of the Russian aviators as on them the Chinese have placed new hope for a turn in the tide of the war.

In a desperate attempt to cut off Kwangtung's main source of supplies of food stuffs and war materials, the Japanese on Dec. 31, made some 140 air bombings on the Sino-British jointly owned Kowloon-Canton Railway—without much success in their hope of hitting one of the main bridges and thus rendering the through communication impossible. Due to efficient management this railway has never stopped its service for more than three days even at times when its road-bed was damaged but quickly repaired. In anticipation of a long war when Kwangtung's railway systems may be interrupted by air bombings, the Chinese authorities have ordered hundreds of motor lorries, many of which have been sent to Central and North China. The last order placed was for 500 lorries from the White Motor Company of U.S.A. Scores of such lorries were seen lying in the northern suburb of Hongkong, Quarry Bay, awaiting their shipment to Canton. All these lorries were painted grey in color and were capable of holding heavy arms and other supplies. It is interesting to note, however, that so far through traffic along Kwangtung's main railways such as the Kowloon-Canton, Canton-Hankow, Canton-Samshui, and Sunning railways has been only very little affected. In the case of the Kowloon-Canton Railway the management has curtailed the morning and noon express from both ends but maintains the evening express, as it is most infrequent that the Japanese attacked the train in the afternoon and so far there has been no attack at night. There can be little doubt that with fewer passengers travelling by the train and the reduction of the number of daily expresses the British section of the Kowloon-Canton railway has been much affected financially. But the Japanese have failed badly in accomplishing their objective as the Chinese authorities, according to report are sending most of their supplies to Canton by motor-lorries from Kowloon which is connected with Canton by good roads, with the exception of some short distances, where the roads are interrupted by tunnels and rivers, in which case coolies do the work.

Concerning the movement of Japanese warships in southern waters reliable Canton sources report that two Japanese aircraft carriers have withdrawn from Tongkawan near Macao and Bias Bay off the eastern Kwangtung coast. Of the seven Japanese warships off Pinghoi near Bias Bay five withdrew last week, leaving two behind. Near the Toishan coast only three vessels remain out of the previous five, according to Chinese aviators returning after observation trips over the whole Kwangtung coast. The same source says that only eight Japanese warships were seen along the Kwangtung coast. The sudden departure of so many vessels is due to the Shantung tension and the desire of the Japanese to gain control of Tsingtao, Chefoo and the whole of Shantung in order to complete the control of the Tientsin-Pukow Railway front.

December 25, 1937.

New Books of Interest in the Far East

Carl Crow Writes Another "Best Seller"

Much has been written here on the current Japanese invasion of China, but the first comments to be put in book form and by one who knows the conflict by first-hand were published today. This is Carl Crow's "I Speak For The Chinese." (Harper & Brothers, pp.84, U.S.$1.00).

Between the covers of a little volume, prepared since his return from Shanghai last August, the author of "400 Million Customers" packs a stirring indictment of the Japanese. He reviews the record of Japan's military aggression in China from its very beginning in terms which will make every layman in America seethe with righteous indignation. As facts speak for themselves, a mere recount of the events in Sino-Japanese relations since 1894 as is given here is enough to make the Japanese out to be an unmoral, fanatical, deceitful and greedy people.

In writing this extremely timely book Mr. Crow is no doubt laboring under great emotions for China, where for over twenty-five years he made his home and engaged in a successful career as journalist and advertising man. In presenting his passionate defense of the Chinese cause he is entirely sincere and gives the reader the impression that he is speaking right from his heart.

Of his own personal loss Mr. Crow does not say a word. He has painted a pathetic picture of sudden death in Shanghai in an article in the Harper's Magazine for December. Mr. and Mrs. Crow were among the first groups of Americans who evacuated the harassed metropolis when the Japanese attack and Chinese counter-offensive broke over the city. They got away to Manila and returned subsequently to the United States. The Harper's editor notes: "So little does he bring his own plight into the narrative that the reader may have to be reminded that Mr. Crow was being blasted not only out of the business which he had built up but out of the home which had been his for some twenty years."

In speaking for the Chinese, Mr. Crow naturally relies a lot on his personal experience in the Orient in various capacities (including a city editorship on the China Press) even before he became an advertising man. The book begins with an extraordinary story about how Japan's notorious Twenty-one Demands on China were first made known to the world.

In May, 1915, Mr. Crow was working in Japan as business manager of the Japan Advertiser, an American-owned newspaper, and Tokyo correspondent of the United Press. One day he was mysteriously summoned to the Russian Embassy to talk about a subscription. While waiting to discuss this trivial matter the American newspaper man had the sensational document all but thrust into his hands!

Mr. Crow scored a world scoop for U.P., making it the first to present the complete text of the Twenty-one Demands, an ultimatum seeking complete domination of China by Japan.

When the United States entered the World War Mr. Crow was sent by the American Government to China as Far Eastern representative of the Committee on Public Information. Again he was in a position to watch Japan's secret activities in China. "I am not betraying any diplomatic confidences when I say that a very large part of the work of American officials at our legation consisted in checking up on the activities of the Japanese in China and attempting to circumvent their plots."

From the Twenty-one Demands the author carries on the narrative and telescopes historical events to give the highlights of Japan's Continental expansion. His story illustrates the well-known thesis that "in carrying out her program of encroachment on China, Japan has always timed her moves so that they would attract the least possible attention."

"While indignantly denying that she has any but high-minded aims," Mr. Crow writes, "she has pursued the most devious and secretive tactics in their accomplishment." Thus Japan's seizure of Kiaochow in 1914; her occupation of Tsinan, to prevent the march of the Nationalist Northern Expedition, in 1928; her invasion of Manchuria in 1931; her undeclared war on Shanghai in 1932; her further penetration into Jehol and Inner Mongolia in the years following, until the invasion of North China and of Shanghai since July of this year.

"Some incidents have been remembered, but others forgotten," noted the author. "But they all fit together in a logical sequence and tell one consistent story of military aggression which has hesitated at nothing to accomplish its purposes."

To explain why Japan goes about her program of conquests and with such unjustifiable methods, Mr. Crow points out that the Japanese code of morals is entirely different from the Western. It embraces "nothing more than worship of the Emperor as a god and the complete dedication of the individual to the perpetuation of his glory."

"Thus, in the bombing of defenseless Chinese cities and the slaughter of thousands of civilians, the curious Japanese conscience

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At this time more than at any other, it is necessary for the mother's blood to be rich, pure and plentiful, thereby strengthening the nervous system and ensuring for the life she has brought into the world the maximum chance for health and happiness.

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is clear. The slaughter of civilians is justified on two counts. It helps—or Japan hopes that it helps—to destroy the morale of the Chinese people. So far it appears to have failed utterly in the accomplishment of that purpose; it has instead stiffened Chinese resistance. But there can be no doubt about the successful accomplishment of the other objective. The mass murders brutalize the Japanese soldiers, thereby making them better fighters.

"Japanese militarists, with their realistic view of things, have come to the conclusion that—since a soldier must receive his baptism of fire before he reaches his highest efficiency—it is much better for him to receive such baptism by attacking defenseless civilians rather than an armed soldiery: there is less risk. Even under the most favorable circumstances, Japanese forces would suffer an occasional casualty in battle. But it is possible to kill civilians with no loss of fighting strength. So this is obviously the better system. Japanese soldiers are thereby trained in the necessary technique of war and victory is promoted which will add to the glory of the Emperor. No other justification is required."

What inspires the Japanese militarists and moves them to such acts of aggression, Mr. Crow declares, is the Japanese belief that they are the chosen people, that they have a mission to perform on this earth, which is the domination of the world and the remodelling of civilization along superior Japanese lines.

Hence Japan's oft-repeated excuse that her conquests have been in self-defense is sincere from her own point of view. To follow this line of reasoning, domination of part of China will lead to conquest of the whole of China, which will, in turn call for the control of Hong Kong, Singapore, the Dutch East Indies, and the Philippines—all in the name of "self-defense."

"If we follow the Japanese justification for conquest and expansion, we find ourselves in a series of vicious consequences to which there can be no logical end," the author writes. He closes his book with a question which is at the same time a challenge to the world: "After China, what?"

Under the general principle that all books about China that are genuine are welcome at this moment, the Chinese should congratulate themselves for their good fortune in having a book written in English now about Chinese women. Indeed, Chinese femininity forms so unique and inviting a subject that it's a wonder how people have neglected before this to write books on them for the Western readers.

"Chinese Women Yesterday and Today" (Houghton Miffiin Co. pp.324, U.S.$3.50), however, is a more timely book than it would have been because of Florence Ayscough's discriminate choice of her subjects. Chinese records are full of ladies "more fair than virtuous," whose lives, as the author rightly points out, are easily matched in other parts of the world. Here is no story extolling the beauty of a Hsi Shih or a Yang Kuei-fei, nor are we given the glamorous lives of powerful Empresses such as Tzu Hsi of Ch'in Dynasty and Wu Tze T'ien of the earlier T'ang. Instead, here is assembled portraits of the ladies of China "who lived according to the Record of Rites, who formed links between dead ancestors and unborn descendants, who exemplified the instincts and philosophy of their race."

The author chooses as mandrel to her work Ch'iu Chan, Gem of Autumn, the remarkable character who bridges the chasm between the Old World and the New. A woman artist, educator and revolutionary leader who was killed before the founding of the Chinese Republic by the Manchu Government, Ch'iu Chin "put duty to her country, duty to her sex, before the more obvious duty to husband and children. She sacrificed her life in attempting to rouse to patriotism, and to emancipate from alien rule, her 'companions of the womb,' both women and men."

Many of the qualities in Ch'iu Chin had been manifested in earlier days by her atavic ancestors, each typical of a quality highly prized by the Chinese. To fill this gallery of Chinese womanhood down through the ages, the author selects artists, poetesses, educators, and even woman warriors, whose biographies form the second part of the book.

In Part One Miss Ayscough gives a comparative study of the Chinese Ladies then and now. The subjects covered are: childhood, girlhood, marriage, education, and the professions. In point of time, the book is as up-to-the-minute as to include sections on Communist women in China and on the Soong sisters, especially Madame Chiang Kai-shek.

The author quotes in her preface passages from Madame Chiang's address calling upon the women of China to fight Japan "according to their ability." Then she gives a United Press dispatch from Shanghai of Sept. 11, in which thousands of Chinese girls are reported to be fighting in the front-lines today against the Japanese.

"Disaster envelops China. A ruthless enemy has blockaded her coasts and is attempting by the aid of every modern weapon to obtain mastery of her people and break her national spirit. Noncombatants and refugees, as well as soldiers, are being slaughtered." But Mrs. Ayscough is confident that the spirit of Ch'iu Chin and her atavic ancestors, Hua Mu-lan and other Women Warriors, survives, and that Madame Chiang Kai-shek will not call upon her country-women in vain.

GEORGE KAO

New York, Dec. 7, 1937.

A Guide to American Pronunciation

You Don't Say! by Alfred H. Holt. Thomas Y. Crowell Company, New York. U. S. $1.50.

A truly engaging guide to American pronunciation, is this hundred-eighty page book of Alfred H. Holt, which he calls "You Don't Say!"

The reader is prepared by the preface to be entertained and taken-aback at the same time at the expose of the speech habits of Americans. The prefatory pages, we are told, might be called "Must an American college president talk like a British duke?"

The words which appear are, for the most part, ordinarily seen words; as well as ordinarily mispronounced words. The explanatory comments serve to hold the reader's attention; for exampel, we are told to pronounce *apropos* by rhyming it with "Trap, go slow." And procurator rhymes with "sock you later."

British and American similarity and dissimilarity are given in discussing the pronunciation of most of the words included in the book. Quotations from six authoritative dictionaries, and from books on pronunciation and English usage abound, yet the entire effect is one of medicine with sugar coating. It should appeal especially to the layman who does not wish to be bothered with diacritical marks, yet wishes to know the most acceptable pronunciations for commonly used words. A good book to own.

M. V.

Selective Bibliography of China

Books for the Traveller or Sojourner in China, by Harriet Hardison Robson. Published by American Council, Institute of Pacific Relations, U.S.$0.25.

This is a selective bibliography of books written about China: and includes "some of the best available books in English about various aspects of China."

The arrangement is alphabetical by title and under subject divisions, each book being designated by a serial number. A note to the reader prefaces each section, explaining the books in the section and suggesting how to evaluate them. Sections are: Places to go; the Chinese people and their culture; China today-economic and political; historical China; the arts of China; Chinese language; literature; bibliography and index.

There are several notable omissions. For instance Florence Ayscough's Chinese Mirror, with the late Lucille Douglass's lovely illustrations, is not mentioned. One amusing error is the calling of Rodney Gilbert "Gilbert Rodney" both in the body of the book and in the index.

A worthwhile book with room for improvement.

M. V.

CHINA'S IMPLICIT FAITH IN HER FINAL VICTORY OVER JAPAN

(Continued from page 155)

participation," from "non-cooperation" to effective "co-operation," and when "Anglo-American-Russo-French cooperation" will be formed to combat the Japanese aggression!

Thoroughout my observation and study, I find that there was not a single sign of weakening Chinese power of resistance when Taiyuan and Shanghai fell, but there is every sign of firmer determination to fight to the end. There was not the slightest sign of shaking their faith in the final outcome of the war over Japan after the fall of the Capital, but there is every sign of hardening and increasing faith in their "final victory" over Japan. These are the most hopeful signs to the Chinese, and these are the prospects of their "final victory." Where there is a will there is a way! China must win!

December 21, 1937.

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In re.
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Deceased

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Special Proceedings No. 2163
NOTICE
Filed at Shanghai, China, December 18th, 1937,
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of David Lawrence Anderson, deceased, to present the same with vouchers to the undersigned on or before June 25th, 1938, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

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A HELPING HAND NEEDS A HELPING HAND

The Shanghai International Red Cross (holding a charter from the Red Cross Society of China) is faced with the problem of providing immediate relief for tens of thousands of Chinese and foreign refugees. These needs are bound to increase as winter approaches.

With a view to supporting its work for the next six months, the Shanghai International Red Cross is now launching a financial drive to raise $10,000,000, from domestic as well as foreign sources.

Will you give us a helping hand in this humanitarian work?
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W. W. Yen, Chairman
J. E. Baker, Director
Sao-Ke Alfred Sze, Chairman of Publicity and Appeals Committee

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